

WORKING WITH FOUNDATIONS

MARRYING RESOURCES, SCALING INNOVATION

Foundations and other institutions, such as think tanks and international organizations, offer the U.S. Agency for International Development (USAID) a powerful mechanism for leveraging private sector funds in support of the agency's development strategies and objectives. Strong coordination between USAID and these partners enables alliances to advance a shared agenda with resources greater than any single member could provide.

Foundations have a long history of involvement in development — and as traditional partners of USAID. In the 1960s, the Rockefeller Foundation was USAID's partner in the Green Revolution. The Ford Foundation teamed with USAID to form the International Rice Research Institute. The Aga Khan Foundation has been USAID's partner in a broad range of activities in education, health, and other social sectors. In recent years the role of foundations in development has expanded with the influx of many new family, corporate, and community foundations; think tanks; and other socially committed institutions in the United States and abroad.

In addition to providing funds, knowledge, experience, field presence, and ideas, foundations have proved durable partners in project implementation. By investing resources in tandem with a shared mission and long-term outlook, USAID alliances with foundations are better able to sustain the development impact of projects beyond the lifetime of any single grant. Locally run foundations place responsibility in the hands of local partners and increase the capacity of local organizations to plan and achieve results. By encouraging local involvement and encouraging local project implementers, foundations strengthen civil society and can set the stage for major international initiatives.

This chapter illustrates several of USAID's current alliances with foundations. The emphasis is on innovation, creative thinking, and grassroots solutions to development challenges.

- The Balkan Trust for Democracy realizes the German Marshall Fund's vision for an international trust to address regional development, cooperation, and governance goals in the Balkans.
- In the Armenia Earthquake Zone Recovery Alliance, the Urban Institute, the U.S.-based Lincy Foundation, and USAID anchored a coalition to help Armenians recover from a devastating earthquake.
- The Global Alliance for Vaccines and Immunization shows how a gift of \$750 million from the Bill and Melinda Gates Foundation inaugurated a second era of big philanthropy. That gift has leveraged billions of dollars from governments and other organizations to combat preventable diseases in the developing world.

BALKAN TRUST FOR DEMOCRACY

HOMEGROWN EFFORTS BUILD PEACE

“The activists danced, drank, and then got up in the morning for earnest arguments about knowledge proliferation, flash mobs, Foucault, the value of logos and corporate branding, political marketing, the meaning of politics...”

**THE GUARDIAN
(JUNE 6, 2005)**

Observing the “Civic Activism and Beyond” festival hosted by the Albanian youth movement MJAF! (ENOUGH!), a Balkan Trust grantee.

Governments and foundations come together to fund local and regional initiatives to build peace, democracy, and regional cooperation in the Balkans.

PURPOSE

To support local and regional organizations committed to peace, citizen empowerment, better government, democratic reform, and cross-border cooperation in Southeastern Europe.

CONTEXT

Following the collapse of communism, Yugoslavia, Bulgaria, Romania, and Albania had to create self-governing societies after nearly 50 years of stagnation. Their aspirations were disrupted as Yugoslavia exploded into ethnic violence that shocked the world. Peace was restored in 1995, but the region is still recovering—economically, politically, and culturally.

ALLIANCE MEMBERS

U.S. Agency for International Development

German Marshall Fund of the United States

Charles Stewart Mott Foundation

ACCOMPLISHMENTS AND OUTCOMES

Since its inception, the Balkan Trust has awarded more than 240 grants totaling some \$6.2 million to civic groups, indigenous non-governmental organizations, governments, think tanks, and educational institutions throughout the Balkans to promote democratic consolidation and cross-border cooperation and reconciliation. Projects address issues such as citizen advocacy and political participation, youth development, policy analysis, participatory decision-making, and media development.

FUNDING ARRANGEMENT (AMOUNTS ARE APPROXIMATE)

German Marshall Fund of the United States: \$10 million (plus \$2 million in administrative support)

U.S. Agency for International Development: \$11,230,000 (EUR 10 million)

Charles Stewart Mott Foundation: \$5 million

Other resource partners:

Government of Greece: \$970,000

Kingdom of the Netherlands: \$650,000

Swedish Agency for International Development Cooperation (Sida): \$900,000

Rockefeller Brothers Fund: \$150,000

With the collapse of communism, the Balkan region descended into ethnic and sectarian conflict. It soon was in acute need of assistance. In 1996, the Bosnia-Herzegovina country mission of the U.S. Agency for International Development (USAID) established an emergency lending program to promote economic growth by helping enterprises expand production and create employment opportunities for the general population—including 1.2 million refugees and 200,000 demobilized soldiers—while generating income for families and communities. The program targeted large and medium-sized private enterprises; loans covering forestry, manufacturing, agribusiness, and construction.

A mini-Marshall Plan, the assistance restarted production and fueled economic growth in the country at rates higher than Germany experienced during its postwar years. USAID loan recipients accounted for 50 percent of Bosnia's postwar exports during this time. By the end of the initiative in 2003, USAID-supported banks had disbursed \$162 million in 600 loans to Bosnian enterprises eager to expand business activity but lacking working capital and medium-term financing. Nearly 15,000 jobs were created and 30,000 sustained.

The program was so successful in jumpstarting the Bosnian economy that it generated substantial profits, or "reflows," of which \$40 million was set aside for legacies such as the American University of Bulgaria and the Southeastern Europe University in Macedonia. Another set-aside was to establish a legacy in democratic reform, community and cross-border reconciliation, and civil society development not just in Bosnia, but throughout the Balkan region. The Balkan Trust for Democracy, a 10-year, \$30 million grant-making initiative, is one of the most successful of USAID's public-private partnerships.

USAID's investment of \$11,230,000 (EUR 10 million) in the Balkan Trust was matched by an additional \$17 million from partners. But the trust does more than leverage public re-

sources; its innovation lies in establishing a platform for collaboration that other public and private donors can join.

Due to its programmatic success and inventive approach, the Balkan Trust for Democracy, from a pool of nearly 300 public-private alliances, received the 2005 Global Development Alliance (GDA) Excellence Award in recognition of its innovative partnership model and exemplary dedication to cross-border cooperation and broad-based democratic engagement in Southeastern Europe.

HARNESSING INTERNATIONAL INTEREST

In April 2001, USAID, in consultation with the U.S. State Department and based on the 2001 Foreign Operations Appropriations Act, authorized the use of the Bosnia reflows throughout the surrounding region. By August, USAID's Europe and Eurasia Bureau issued a solicitation for the establishment of a 10-year sinking endowment to benefit Southeastern Europe, supplemented by no less than a one-to-one funding match from the winning bidder.

Concurrently, the German Marshall Fund of the United States was putting together its own resources to establish a foundation to execute the fund's mission in the Balkans: to bolster democracy wherever it is found and facilitate transatlantic cooperation and expansion of multilateral structures such as the European Union and NATO. The German Marshall Fund had set aside \$10 million for the purpose, and soon after obtained a commitment of \$5 million from the Charles Stewart Mott Foundation, with which it had a long and productive history of collaboration.

In the USAID solicitation, the German Marshall Fund recognized an opportunity to further its own objectives and leverage its resources. With \$15 million between them, the German Marshall Fund and the Charles Stewart Mott Foundation had assembled sufficient resources to act without USAID, but they chose to be patient and submit a proposal in answer to the solicitation. Both saw the value

of a long-term alliance with USAID, which was worth the time and effort to comply with agency protocols.¹

The Balkan Trust for Democracy succeeded because all parties were committed to staying the course from idea to implementation. The planning processes occurred in parallel (within USAID to program the reflows; between the German Marshall Fund and the Charles Stewart Mott Foundation to establish a foundation for the Balkans), but both sides concurred on the goal and knew that they could achieve greater impact by combining forces than by going it alone.

In their to the USAID Europe and Eurasia Bureau, the German Marshall Fund and Mott offered \$17 million to complement USAID's EUR 10 million.² When the solicitation was subsequently revised, they adjusted their proposal accordingly. Their patience with USAID as a funding partner paid off: their successful response to the solicitation resulted in an exceptional partnership that now includes the Swedish International Development Agency, the Dutch and Greek governments, and the Rockefeller Brothers Fund.

LEAN, RESPONSIVE OPERATIONS

The Balkan Trust for Democracy creates sustained, simultaneous change along the parallel tracks of indigenous development, security

and stability among political and ethnic factions, and broader geopolitical concerns. The Balkan Trust shares responsibility with its collection of donor partners and the individual and institutional grantees that do the difficult on-the-ground work of facilitating democratic outcomes, influencing policies and practices, engaging and empowering local stakeholders, and leveraging additional public and private resources.

Funds are managed by a small staff at the German Marshall Fund's headquarters in Washington, D.C. Thanks to the strong relationship between the German Marshall Fund and the Mott Foundation, the two parties' contributions are pooled. USAID's investments, though also pooled with those of other contributors, are tracked separately across grant activities.

An informal advisory board of experts from Southeastern Europe and key international organizations oversees the Balkan Trust's strategic development. The partners commit themselves to letting the Balkan Trust work, but they all play a role in planning and setting strategy, defining problems and possible solutions, and leveraging their strengths to reach optimal solutions. This close relationship demonstrates the principles and goals of GDA: to maximize the potential of established relationships among donors, to deepen those rela-

INVENTING A NEW ALLIANCE MODEL

The Balkan Trust for Democracy took some time to get started. A conventional "request for applications" (RFA) was issued, and proposals were received. A final decision was delayed by a month or two as the RFA was revised to take into account the previously unanticipated decision to close several Balkan country programs. Once a final decision was made to proceed, however, the Balkan Trust was established quite rapidly as a fund within the German Marshall Fund of the United States, an experienced implementing organization with low overhead costs. The German Marshall Fund also contributed \$2 million in administrative services.

Since the founding of the Balkan Trust, USAID has developed new procurement instruments and policies, such as the collaboration agreement, that enable the agency to respond even faster to partnering opportunities. The Balkan Trust, from decision to obligation, required about two years to create. A similar transaction today might take as little as six months.

tionships, and to facilitate new ones through association and shared action.

USAID's alliance coordinator joins semi-annually in policy discussions regarding the endowment and monitors activities to ensure that the goals of the endowment are met. Grant proposals are reviewed by a committee composed of German Marshall Fund staff and officials from partner institutions. Representatives from USAID and the Mott Foundation sit as nonvoting participants,³ together with a panel of reviewers from the region. Proposals are accepted on a rolling basis, and decisions are made monthly. Both the advisory and grant-making committees must ensure that programs funded by the endowment are effective, responsive to local needs, and complementary to other initiatives supported by the international community. The German Marshall Fund submits an annual report listing all grants as well as the specific USAID contributions.

SINKING FUNDS VS. PERPETUAL ENDOWMENT

The Balkan Trust is a so-called diminishing endowment, or sinking fund. Like perpetual endowments, diminishing endowments enable donors to sequester funds over a relatively long period in support of specified objectives, freeing them of the need to recommit funds or to hedge against later shifts in attention or priority. For grant-makers, an endowment provides a secure, long-term funding source that lessens the burden of annual fund seeking from donors.

USAID's Europe and Eurasia Bureau has extensive experience with endowments due to the series of enterprise funds established by Congress in 1989, many of which were transformed into legacy mechanisms as a part of their liquidation. Based in part on the lessons gained in this process, USAID's 10-year funding horizon in the Balkan Trust is recognized by some as the proper balance of longer-term development planning while still allowing for shifts in donor need, priority, or approach.⁴

ROLES OF MEMBERS OF THE BALKAN TRUST FOR DEMOCRACY

- The U.S. Agency for International Development developed the conceptual framework for programming EUR 10 million in "re-flow" funding for the Balkans
- The German Marshall Fund developed Balkan foundation concept; executes and manages grants
- The Charles Stewart Mott Foundation joined GMF's efforts as resource and cooperating partner

REGIONAL REFORM AND RECONCILIATION

The Balkan Trust awards more than \$3 million annually in pursuit of its mission to link citizens with government and promote cross-border cooperation and collaboration, as the countries and territories of the Balkans move toward integration into Euro-Atlantic structures such as NATO and the European Union. In its first two years of operation, it disbursed more than \$6.2 million to some 240 grantees in the region. Grants are made to civic groups, indigenous NGOs, local and regional governments, think tanks, educational institutions, and the media.

The overall goal for the trust is to increase democratic practices and reforms in nine Balkan countries and territories as they move toward eventual integration the European Union. That goal is achieved through two objectives:

- To link citizens with government by deepening dialogue between citizens and local elected leaders, improve public access to information about the performance and actions of government, and strengthen citizen participation in the democratic process.
- To promote regional cooperation and collaboration by creating linkages among grantees through which best practices can be communicated, by funding groups in neighboring countries to work together on shared concerns, and by facilitating a network of civic activists, government officials, public policy analysts, journalists,

business leaders and others to advance political, economic, and social development in the region.

Dialogue is the first step toward reconciliation. To promote it, the Balkan Trust made a grant to the Center for Regionalism, one of 140 local NGOs belonging to the Igman Initiative, a consortium of groups dedicated to peace and reconciliation. The Center's project, "Truth about the Past—The Foundation for the Future," builds on multistate structures to strengthen reconciliation through documentation and dialogue among high-level officials of Dayton Triangle countries—Bosnia and Herzegovina, Croatia, and Serbia-Montenegro. Through the efforts of Center for Regionalism and the Igman Initiative, the presidents of the three countries agreed to meet—for the first time in the region—to sign a trilateral agreement on relations among their countries, a widely publicized initiative that is building public confidence in reconciliation efforts.

Information and participation are the subjects of nearly 40 percent of Balkan Trust grants. Voter apathy is rife in Southeastern Europe, reflecting poor understanding of the democratic process, disaffection with politics in general, and lack of confidence that voters can make a difference. To counter these self-defeating beliefs, grants are made to NGOs and other entities that promote citizen participation in the political process and improve citizens' understanding of democracy.

One grantee is GONG, an organization based in Croatia. GONG initiated a campaign known as "I'm voting for the first time" to educate young people on the rights and responsibilities of a democratic electorate and to encourage them to play a more active role in the political processes of their country. By enlisting the support of Croatia's high schools, GONG also helped first-time voters make informed decisions. In December 2005, the Council of Europe recognized GONG, now in its sixth year, as one of five winners of the Council's "Young Active Citizens" competition, aimed at highlighting programs that en-

gage young people in civic affairs. The Council recognized that GONG had organized some 3,700 workshops for 100,000 high school seniors in Croatia.

Transparency receives 14 percent of the Balkan Trust's grant funds. Transparency issues include citizens' access to information, corruption and conflict of interest, and the rule of law. Despite efforts by civic groups to improve citizens' access to information about decision-making, governments have had difficulty implementing institutional reforms. Creative civic groups are working with local communities and individual citizens to press the government to practice and enforce its own legislation and provide access to critical information that should be, but too often is not, available to the public. The Balkan Trust also funds projects to monitor the progress of legislation affecting the treatment of women and minorities. Finally, grants to the media play an important role in uncovering government corruption and holding public servants accountable for their actions.

The MJAFT! (Enough!) Movement is a youth campaign to build civic pressure for government accountability in Albania. MJAFT! has successfully pressed for more public funding for education. When a public official assaulted a journalist, MJAFT!'s efforts to raise public awareness of the incident led to the official's resignation. Grants from the Balkan Trust have helped MJAFT! expand its well-organized, homegrown, political youth movement to at least 10 cities in the country. One grant supports a regional exchange program that has spawned a wide network of youth activists in the Balkans, Ukraine, Belarus, Uzbekistan, Georgia, and Lebanon.

FROM DARK MOMENTS TO A BRIGHT FUTURE

The Balkan Trust's efforts to nurture a vibrant and spirited political culture among tomorrow's generation complement the yearnings of Balkan citizens for a better life, peace through reconciliation and democratic institutions, and integration with the rest of Europe.

The Balkan Trust exemplifies the essential qualities of the GDA business model, which calls for public and private stakeholders to jointly define a development problem, jointly plan measures to address the problem, and to share resource, risks, and rewards in implementing those measures and assessing outcomes. The next steps for the Balkan Trust for Democracy include expanding the circle of bilateral and foundation donors to include prominent for-profit partners active in the region.

This successful partnership has proven robust enough to address tough regional issues and attract a variety of respected donors. A similar model has been applied in the West Africa Water Initiative (chapter 9) and may be appropriate for other sectors, such as health. By building regional platforms for donor collaboration at the front end, with beneficiary-led initiatives as outputs, united donors can have greater development impact than the same donors acting in isolation.

Even as USAID phases out its assistance in East Europe in concert with the integration and enlargement processes of the European Union, significant work remains to consolidate democracy in the Balkans. The Balkan Trust for Democracy provides USAID a long-term mechanism to unite dwindling resources with like-minded partners that are equally committed to good governance and

cross-border reconciliation and cooperation in the region.

The experience has borne many lessons.

USAID assistance to democratic reform is not an obvious candidate for a public-private alliance.⁵ But through the valued intercession of the German Marshall Fund, a strong partnership developed in furtherance of the Euro-Atlantic partnership.

1. Previous collaborations had not ended as successfully. In the case of the Trust for Civil Society in Central and Eastern Europe, USAID was heavily involved in project design with other potential funding partners and expected to contribute to the endowment. Unfortunately, USAID found itself slowed by its own bureaucratic safeguards and congressional scrutiny of the transaction, and could not participate.
2. Resource leverage is both a cost and technical criterion in awarding a solicitation, but secondary to the technical review.
3. To prevent conflicts of interest, U.S. government employees may not exercise fiduciary responsibility in outside organizations.
4. In a diminishing endowment, a 10-year planning horizon can be achieved by investing \$7–8 for every \$1 disbursed in grants. For a perpetual endowment, the necessary investment is \$20. And it is more difficult to change tack with perpetual endowments: parties must seek a change in charter or bylaws, or withdraw funds. In the Balkan Trust for Democracy, the contributions of the German Marshall Fund and the Mott Foundation are expected to be drawn down at a slower rate than those of USAID, allowing the organizations to retain an equity position at the end of 10 years and to shift directions if indicated.
5. In its four years, the GDA model has proved a good fit with enterprise and agribusiness development and health activities, while democracy-building alliances remain largely uncharted terrain. Should the Balkan Trust enlist long-term support from for-profit entities, the alliance will be truly groundbreaking.

EARTHQUAKE ZONE RECOVERY PROGRAM

EXPATRIATE ARMENIANS RETURN TO REBUILD

Diaspora foundations join USAID efforts to help Armenia recover from a devastating earthquake.

PURPOSE

To accelerate the construction of permanent housing for Armenians in temporary shelters since the 1988 earthquake, and to promote sustained recovery by encouraging private investment, democratic reform, and good governance.

CONTEXT

The December 1988 earthquake in Armenia claimed more than 25,000 lives and left 500,000 homeless. Reconstruction efforts were largely abandoned upon dissolution of the Soviet Union three years later, and an ensuing war with Azerbaijan over the Nagorno-Karabakh region further delayed action. In 2000, 12,000 families still lived in temporary shelter.

ALLIANCE MEMBERS

World Bank

U.S. Agency for International Development

Norwegian Refugee Council

All Armenia Fund

Lincy Foundation

United Nations High Commissioner for Refugees

ACCOMPLISHMENTS AND OUTCOMES

Approximately 6,500 families have found permanent housing, either through certificates to purchase new housing or grants to complete or repair unfinished or damaged homes. In alignment with alliance strategy, the government of Armenia has now taken over the U.S. Agency for International Development's housing program, investing \$6.2 million for housing certificates and \$2.6 million for rural housing.

FUNDING ARRANGEMENT

U.S. Agency for International Development: \$35 million

World Bank: \$140,000

United Nations High Commissioner for Refugees: \$80,000

Norwegian Refugee Council: \$500,000

Lincy Foundation: \$45 million

All Armenia Fund: \$750,000

For most of the nations that suddenly became independent when the Soviet Union dissolved in 1991, conditions got much worse before they got better. Armenia was hit particularly hard. Efforts to repair the damage from the devastating 1988 earthquake were suspended, leaving a collection of “carcasses”—row upon row of empty shells of housing blocks that were never completed.¹ An ensuing conflict with Azerbaijan over Nagorno-Karabakh, a disputed region with deep historical resonance, compounded the problems.

It was in the course of the conflict with Azerbaijan that groups of Armenian emigrants began to mobilize resources to rebuild their country. Seven Armenian diaspora groups—the Armenian Assembly of America, the Armenian General Benevolent Union, the Armenian Missionary Association of America, the Armenian Relief Society, the Diocese of the Armenian Church of America, the Prelacy of the Armenian Apostolic Church of America, and the Lincy Foundation—came together as the United Armenian Fund to raise \$20 million to transport some \$400 million in donated goods and supplies to their country of origin.

Beginning in 1998, the Lincy Foundation, created by the billionaire Kirk Kerkorian, invested \$170 million of its own funds to help Armenia recover from the earthquake. The Lincy funds were directed to critical infrastructure: roads, schools, and new housing to move families out of *domiks*, temporary metal shelters that lacked running water and sewage lines. The foundation’s \$45 million investment in housing stock, centered on the hard-hit district of Giumri, attracted the attention of USAID, which had been present in Armenia since 1992, and had participated with Armenia on restoration through public works programs and other government initiatives.

MAXIMIZING DONOR COLLABORATION

In 1998, the Urban Institute, a nonprofit, nonpartisan research institute, developed a housing strategy for Armenia at the request of the World Bank. The strategy focused not on the supply side (building more housing

stock), but on issuing “housing purchase certificates” to potential buyers stuck in temporary housing, enabling those buyers to begin sending market signals to builders.

USAID quickly embraced the strategy through a proof-of-concept voucher program in Giumri. Using housing certificates worth \$3,000 to \$7,000 issued through the banking system, the pilot program realized a 97 percent redemption rate. Sellers wishing to leave Giumri suddenly found buyers where, before, there had only been poor families with no cash. Eighty-nine percent of those who redeemed certificates chose to remain in Giumri. In the spaces previously occupied by the metal containers that so many Armenians had called home for the past 10 years, an Armenian public works program created a playground, park, and recreation fields, with support from USAID.

As the architect of the World Bank housing strategy and USAID’s partner in implementing the pilot project, the Urban Institute was expected to maximize collaboration with other organizations. Steve Anlian, the institute’s country director for Armenia, had already embraced that mandate when he met Harut Sassunian, Lincy Foundation vice chairman and United Armenian Fund president, during one of Sassunian’s trips to Armenia to manage the Lincy Foundation’s grants. Anlian suggested that the Lincy Foundation might coordinate its building program with other donors such as USAID. Sassunian readily agreed, and joined the collaboration of public donors to maximize resources for earthquake recovery.

One clear result of the new alliance was a refocusing of Lincy-funded renovations on town and city centers, as opposed to scattered sites, based on the theory that concentrated investments would heighten the psychological impact on citizens who, upon seeing the most visible and important sections of their cities or towns rebuilt, would take new pride and responsibility in spurring reconstruction and revival throughout the community. In Giumri, for example, the Lincy Foundation renovated the entire city center and connecting avenues in cooperation with the Armenian government.

NEW PARTNERS COME ON BOARD

The Urban Institute and USAID sought additional partners in the earthquake zone and among diaspora groups, bilateral donors, and international organizations working in housing and urban development. The resulting broad alliance of donors, governments, and foundations came to be known as the Earthquake Zone Recovery Program. The alliance took on the coordination of the partners' varied roles: The Urban Institute convenes periodic stakeholder meetings to welcome new partners, update partners on progress, and resolve issues in collaboration or implementation. The Norwegian Refugee Council and United Nations High Commission for Refugees concentrate on the provision of refugee housing, often in areas recently cleared of domiks. The Armenian government, which contributed \$210,000 to the alliance, assumed ownership in 2005 of the successful program of issuing housing certificates to provide demand-pull to housing suppliers and stimulate a self-governing housing market that would not need donor support or intervention. The government plans to expand the program to include homeless populations in addition to the families remaining in temporary shelter.

ROLES OF MEMBERS OF THE EARTHQUAKE ZONE RECOVERY PROGRAM

- The World Bank commissioned a "New Strategy for Armenia's Earthquake Zone" to complete earthquake recovery efforts
- The U.S. Agency for International Development developed housing certificate scheme in execution of World Bank strategy
- Norwegian Refugee Council supported housing certificate scheme
- All Armenia Fund invested in housing stock in tandem with USAID
- Lincy Foundation supported Armenia's building renovation and reinforcement efforts, and coordinated new housing and building construction with USAID
- United Nations High Commissioner for Refugees supported housing vouchers

USAID monitors formal and informal agreements between alliance partners. For instance, both the United Nations High Commissioner for Refugees (UNHCR) and Norwegian Refugee Council worked with the Armenia government and USAID to manage the process of moving families out of the domiks, clearing the domiks, and then reclaiming the land. UNHCR and USAID signed a formal agreement on coordinating their investments. In the case of the Norwegian Refugee Council, a verbal understanding sufficed. Such interactions reaffirm that alliances are predicated on trust and regular communication among the donors and private sector partners—exactly what the GDA business model seeks to engender.

For this alliance, a parallel funding approach, in which partner resources are held and tracked separately, serves as the most appropriate way to fund activities. Each member maintains and manages its own funds, allowing each partner, large or small, to focus on what it does best.

LESSONS LEARNED

- An effective implementer already operating in the field—in this case, the Urban Institute—can be a key partner and convener when opportunities for alliances arise.
- Be realistic in expectations, frank and clear with partners and stay focused—building alliances takes time.
- Be prepared for an alliance to hit stumbling blocks. Alliances are often slowed and sometimes fail to materialize.
- Focus on the unique attributes of partners—it is often the differences, rather than commonalities, that make for effective collaboration.
- Capitalize on diaspora resources wherever possible.
- Be flexible. Do not overly structure an alliance, or try to prevent it from evolving in what may be unexpected directions.

1. Jonathan Steele, "What Happened Next?" *The Guardian*, October 19, 2005.

GLOBAL ALLIANCE FOR VACCINES AND IMMUNIZATION

PREVENTING PREVENTABLE DISEASE

PURPOSE

To ensure that every child in the world is vaccinated against preventable diseases, with a focus on improving access to vaccines in the world's poorest countries.

CONTEXT

In the last century, medical research yielded vaccines to prevent several crippling, and often fatal, childhood diseases. However, as a new century begins, the world is falling short of realizing the full benefit of childhood immunization. At present, worldwide immunization programs save up to three million lives annually, but three million more still die from diseases that could be prevented. The partners in the Global Alliance for Vaccines and Immunization know that preventing infectious diseases is not only the most efficient and cost-effective form of health intervention; it also reduces poverty, lowers birth rates, and promotes economic growth.

ALLIANCE MEMBERS

Vaccine Fund:

Bill and Melinda Gates Foundation

Canada

France

Norway

The Netherlands

U.S. Agency for International Development

World Bank

World Health Organization

United Nations Children's Fund

United Kingdom

And other countries

New Funding Initiative through International Finance Facility for Immunization:

United Kingdom

France

Italy

Spain

Sweden

ACCOMPLISHMENTS AND OUTCOMES

As of December 2004:

- 8.7 million children immunized with three doses of diphtheria-tetanus-pertussis vaccine
- 71.9 million children immunized with Hepatitis B; 9.3 million with Hib; and 10.5 million with yellow fever vaccines
- 1 million deaths prevented in children born between 2001 and 2004
- 5 million further child deaths will be prevented in 70 countries over the next 10 years.

FUNDING ARRANGEMENT

Financing for the Vaccine Fund, the initial financing arm of the Global Alliance for Vaccines and Immunization:

Gates Foundation: \$750 million

U.S. Agency for International Development: \$283 million through FY05

Other governments: \$1.7 billion from 2000 to 2003

International Finance Facility for Immunization:

United Kingdom: \$130 million per year

France: \$100 million per year

Italy and Spain: \$15 million per year

Sweden: \$27 million one-time gift

A concerted effort to save the world's poor children from preventable disease has galvanized partners in many countries. USAID acts both as a donor and program coordinator. The agency also has facilitated the participation of other organizations in this significant world health alliance.

The Global Alliance for Vaccines and Immunization (GAVI) was formed in 1999 to ensure that every child in the world—particularly those in the poorest countries of the world—would be protected against vaccine-preventable diseases. GAVI's global partners include the Bill and Melinda Gates Foundation (which provided seed funding of \$750 million over five years), the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), World Bank, USAID, and a broad spectrum of participants from developed and developing countries, including governments, development agencies, technical institutions, NGOs, vaccine manufacturers, and health organizations.

BUILDING THE ALLIANCE: A NEW ROLE FOR USAID OPENS AVENUES FOR PARTICIPATION

The Gates Foundation's \$750 million grant formed the core of what was then known as the Vaccine Fund. Four governments—those of the Netherlands, Norway, the United States, and the United Kingdom—contributed an additional \$250 million, pushing the Fund's resources over \$1 billion. Additional governments have joined since 1999.

By making its grant to the Vaccine Fund, rather than directly to the UNICEF Trust Account from which much of GAVI's money flows, USAID helped the Vaccine Fund achieve permanent status as “a publicly supported organization” under U.S. Internal Revenue Service regulations. That status allows U.S. citizens and corporations to support GAVI through tax-deductible contributions to the Vaccine Fund and greatly facilitates the making of contributions by private foundations.

But in joining GAVI the agency demonstrated flexibility in another way. Accustomed to being “majority shareholder” in projects, and often manager as well, USAID chose in the case of GAVI to enter into a cooperative public-private alliance with a wide array of partners. Before executing the initial contract, the agency had to obtain waivers of standard

USAID procedures and budgetary requirements, because USAID was not managing GAVI. That step was difficult for the agency, but it proved dramatically important in shaping USAID's approach to future alliances.

USAID has contributed increasingly larger annual amounts to GAVI through the Vaccine Fund. Through fiscal year 2005, USAID has contributed \$283 million and has been active in the governance and technical oversight of the alliance. Since 1999, the agency has either held a seat on the rotating board of directors or has served as a member of the GAVI Working Group, the alliance's primary technical arm. Phase 1 of GAVI—the first five years of country-level investments—is coming to a close, and Phase 2 is about to begin.

AN INNOVATIVE FINANCING MECHANISM

In August 2005, the International Finance Facility for Immunization (IFFIm), the brainchild of Gordon Brown, Britain's chancellor of the exchequer, was formally constituted. Four countries have made 10-year commitments. Annual spending of approximately \$272 million dollars will be maintained over the commitment period through the issuance of bonds. The IFFIm approach, at current funding levels, should bring to GAVI-eligible countries an additional \$3.2 billion dollars of funding through 2015. The countries that have committed to the IFFIm are the United Kingdom (\$130 million per year), France (\$100 million per year), and Italy and Spain (with a combined total of approximately \$15 million per year). Sweden will make a one-time gift of \$27 million. The United States, via USAID, continues to contribute to GAVI through the traditional Vaccine Fund.

From its inception, GAVI has made support available to the 75 poorest countries of the world. Governments may apply at three “windows”:

New and underutilized vaccines. Most GAVI-eligible countries now use only traditional vaccines, which are relatively inexpensive. When a country reaches 50 percent coverage with diphtheria-tetanus-pertussis (DTP₃), GAVI offers

access to three vaccines that are not used in the developing world because of their high cost. These vaccines, which GAVI offers free for five years, come bundled with auto-disposable syringes for safe administration.

Safe injection equipment. Most immunization programs in poor countries use syringes that are not protected against reuse. GAVI provides auto-disposable syringes free of charge for three years. Auto-disposable syringes are outfitted with a safety feature so they cannot be reused and come with safety boxes to capture used syringes. All GAVI-eligible countries are eligible for this window of support for all vaccines administered through their public immunization program.

Immunization services support. Governments in poor countries often have difficulty supporting the immunization services that deliver life-saving, cost-effective vaccines, in part because immunization programs are usually underfunded. GAVI's funding for immunization services is innovative in that it is performance based. Countries may apply for a grant of \$20 per unimmunized child. The country receives a percentage of the grant annually for two consecutive years. But the balance of the grant is paid only if the country can demonstrate increased numbers of children immunized. Some countries have risen to the challenge and delivered tremendous results, others have not. To date, this window of funding has been available only to countries with DTP₃ coverage rates under 80 percent.

Applications for support are reviewed by an independent review committee that makes recommendations to GAVI's board of directors,

which then forwards applications to a technical oversight panel (the GAVI Working Group) made up of experts from alliance member organizations, which may request further detail. Once GAVI's board approves an application, the Vaccine Fund authorizes a disbursement from a UNICEF trust account.

GAVI has begun two programs to accelerate development of new vaccines for global use—a rotavirus vaccine and a pneumococcal conjugate vaccine.

WHY GAVI WORKS

GAVI is a monumental undertaking that brings together many players. All share a belief in the viability of the enterprise and its critical mission. They know that immunization is the most cost-effective health intervention, that effective use of existing vaccines would significantly improve the health status of the world's children, and that delivery systems exist to some extent in even the very poorest countries. They also know that although immunization programs have been scaled up in many parts of the world, the gap in coverage rates between the richest and poorest countries is still substantial.

GAVI functions because of that clear consensus, and because the partners understand that no one institution can direct or finance the effort required. The alliance's partners have created a clear governance structure and a reasonably effective division of labor and responsibilities. With commitment at the highest level of partner institutions and a high level of political interest in its success, GAVI also has a well-established arrangement for the administration of funds that is acceptable to all partner institutions.

BUILDING HUMAN CAPITAL

DEVELOPING STRATEGIC SKILLS AND CAPACITY

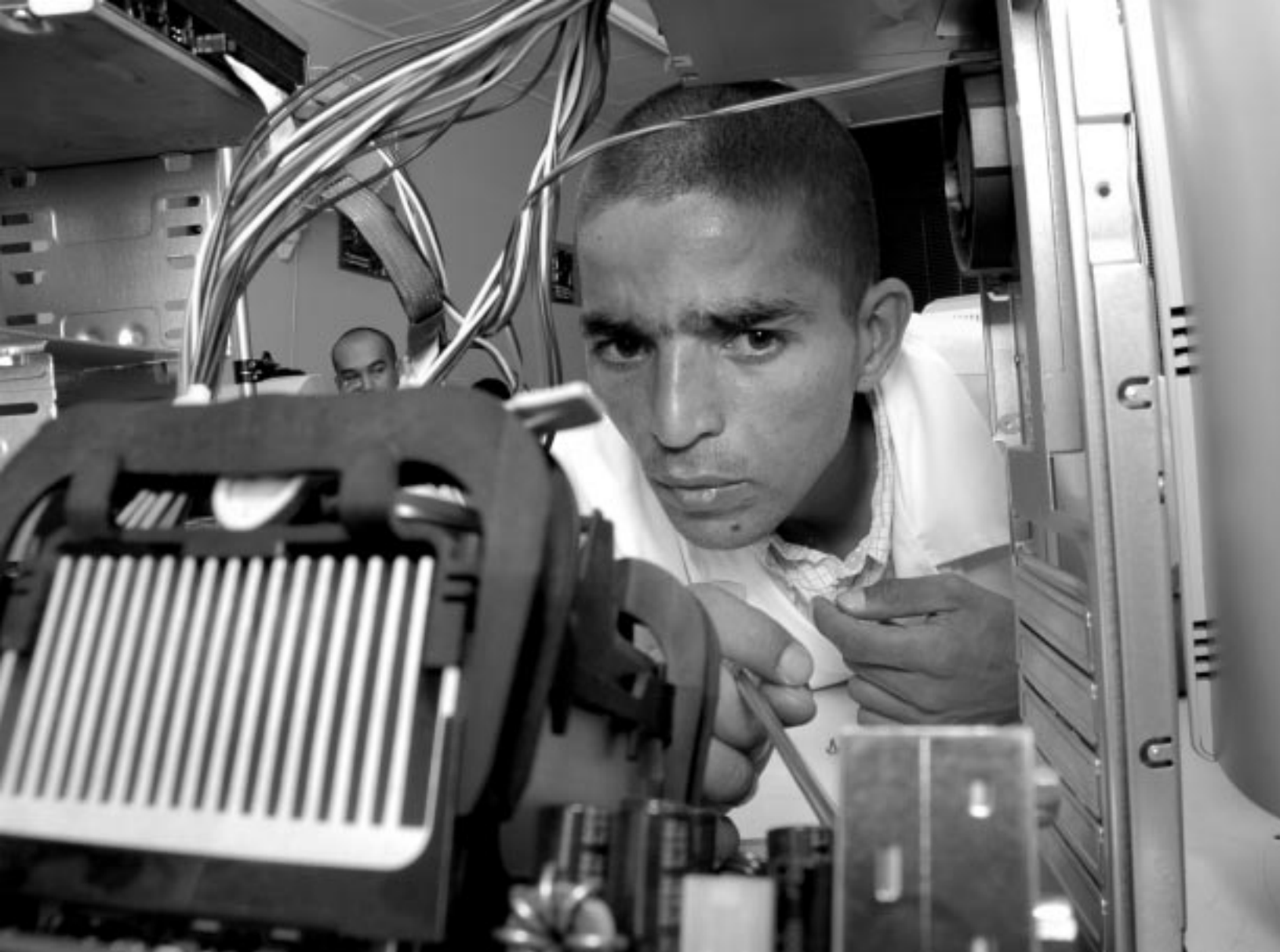
Skills in information and communications technology and internationally accepted accounting practices are vital components of the enabling environment for business activity. Without them (and other core skills), economies cannot grow. The alliances that have formed to provide such skills are characterized by cooperation among business, government, and education.

Businesses see the obvious advantages of programs that provide them with the workers they need. As the numbers of such workers grow, they enhance the economy's capacity to thrive in global competition. The same skills allow governments to expand their use of technology to improve administration and governance. Alliance partners play diverse roles in imparting those skills: providing trainers and teachers, supplying equipment and facilities, lining up internships and business opportunities, mentoring young entrepreneurs, and certifying the integrity of the program.

With USAID's help, computer and software firms, such as Cisco Systems, Inc., Sun Microsystems, Microsoft, and Hewlett-Packard, donate products and provide training to enhance information technology capacity and improve workforce skills in developing countries, thereby improving the investment climate and introducing advanced technologies in the delivery of health, education, and government services. The International Accounting Standards Board is working with USAID and professional associations in 22 countries to improve accounting practices — and thus the investment climate — across the former Soviet Union.

The alliances profiled here show a range of possibilities:

- The Cisco Networking Academy Alliance adapted a proven U.S.-based community program to venues in Africa and Asia, bringing sophisticated IT and network management skills to 200 locations in 41 countries. Each academy builds an alliance with local partners, expanding its potential to create jobs and promote business development.



- *entra 21* established an IT training program for disadvantaged youth in Latin America and the Caribbean that also established a local network of partners for job creation and mentoring.
- The Certified International Professional Accountant (CIPA) Alliance in Russia, Ukraine, Kyrgyzstan, and Kazakhstan is helping those countries ensure the business integrity needed for international investment, economic growth, and government budget management. CIPA brings together respected accounting institutions and homegrown national organizations to build capacity for modern business practices.

CISCO NETWORKING ACADEMY ALLIANCE

BUILDING INFORMATION TECHNOLOGY CAPACITY WORLDWIDE

Two major public private efforts the U.S. Agency for International Development's Leland Initiative in Africa and Cisco's Networking Academy Program in the United States unite to build an IT workforce and advance women's technical education in the world's least developed countries.

PURPOSE

To develop skills in information and communication technologies (ICT) in countries and regions trying to take advantage of the opportunities presented by electronic business and management tools.

CONTEXT

An estimated two million skilled computer network operations and management professionals are needed to meet worldwide demand for the growing use of information technology in the global marketplace, as well as by governments and the public. Cisco's Networking Academy Alliance originated as a U.S.-based training initiative that has become a global alliance and a central U.S. Agency for International Development partner in ICT development.

ALLIANCE MEMBERS AND ROLE

Cisco Systems, Inc.

U.S. Agency for International Development

United Nations Development Programme

International Telecommunications Union

Japanese International Cooperation Agency

Accomplishments and outcomes

The alliance is developing an IT workforce at more than 200 Cisco Academies in 41 countries that enroll 10,000 students, 30 percent of them women.

FUNDING ARRANGEMENT

Cisco: more than \$150 million invested in academies around the world and at least \$15 million in academies in least developed countries. For donor partners, this represents a level of service delivery that might cost 12 times more if pursued through a formal vendor relationship.

U.S. Agency for International Development: approximately \$5 million since 1999.

For Ekwoge Hudson Mbong, the Cisco Networking Academy was the path to his aspirations. In August 2004, he obtained an associate's certificate (the first of four levels in the Cisco professional hierarchy) in computer networking from the local Cisco academy at the University of Buea in Cameroon. Degree in hand, he began searching for a way to earn the more demanding professional certificate.

But there were no such programs in his native Cameroon. Only two existed in all of Sub-Saharan Africa, in fact; the closest was 1,500 miles away at the Cisco Regional Academy at the Makerere University in Kampala, Uganda. Three months later, after being admitted, Hudson set out for Uganda to become a Cisco Certified Network Professional.

"It's quite a tough program, but the tough take it by force," he reported. "I believe I have a bright future here." Hudson graduated with 41 other classmates in July 2005; he now intends to earn a degree in network engineering and begin his career.

Cisco Systems, Inc., aims to produce thousands like Ekwoge Hudson Mbong. A lack of skilled IT professionals is a key factor limiting future growth in emerging and underdeveloped economies for Cisco and other companies that use information technology. The U.S. Agency for International Development, United Nations Development Programme (UNDP), and other donor partners see their support of Cisco Academies, in the least developed countries and elsewhere, as an excellent way to produce IT professionals and help make African countries more hospitable to foreign investment. Also, academies have proved surprisingly effective in training women.

It is in the melding of complementary interests to achieve shared goals that the value of partnership is most evident. Dating from 2000, the Cisco-USAID relationship is among the most durable of public and private alliances—a success by any measure.

BRIDGING THE DIGITAL DIVIDE

In 1993, Cisco Systems began developing a community-based ICT training platform to address several concerns. Cisco leaders had identified that a shortage of qualified administrators to operate the company's products was a key restraint to growth. The company also wished to practice good corporate citizenship.¹

At that time, Cisco was designing practical, cost-effective networks for schools as a part of its regular business. While developing materials to enable teachers and staff to maintain their school's network, Cisco engineers discovered that many of the students they met were eager to learn about networking. The company wondered if it could capitalize on that interest to encourage technology programs in secondary schools, especially in underserved districts. Such an initiative could narrow the gap between education and employment by linking the program with local employers who would provide on-the-job training, such as internships and apprenticeships. Students with an interest in information technology would have access to a ready-made curriculum, while local businesses would have a pool of candidates from which to recruit.

The business logic was simple. Education based on skill in using Cisco products tied directly into Cisco's strategic needs. A Cisco-initiated and-implemented initiative would serve the dual roles of promoting education and the social good while improving the labor pool and market for Cisco's core business functions.²

The Cisco Networking Academy Program was launched in October 1997 at 64 schools in seven states in the United States. The web-based curriculum was developed to prepare students for industry certifications such as Cisco Certified Network Associate (CCNA^a) and Cisco Certified Network Professional (CCNP^a), as well as Network+ certifications. The CCNA curriculum, offered mainly at the secondary and university levels, requires 280 hours of instruction; CCNA graduates can advance to CCNP with another 280 hours instruction. At that level they are certified to administer complex network configurations and

ALLIANCE HIGHLIGHTS: 2003 TO 2005

Gender. The PLAN-IT Model—a series of toolkits in sustainability, workforce development, and gender mainstreaming—is deployed in every academy.

Uganda. The launch of the Workforce Development Program at Makerere University's Institute of Computer Science in Uganda, a department dedicated to linking students with the private sector.

Asia. The U.S. Agency for International Development's (USAID) Asia and Near East Bureau creates the Cisco Networking Academy Scholarship Program, providing \$350,000 in scholarships for women in Algeria, Bangladesh, Mongolia, Morocco, Nepal, Sri Lanka, and Tunisia.

New programs. The success of the multilateral LDC Initiative launched in 2000 leads several USAID country missions to fund further programs specific to country needs and priorities, such as:

- Afghanistan joined the LDC Initiative in September 2003. Within two years, it had expanded to three academy sites graduating more than 100 students, including 30 percent women. Now in its second generation, the program operates in six secondary cities and provinces. Cisco-Afghanistan will be the focus of the second phase of the PLAN-IT sustainability model. Private sector interest in academy graduates has opened the possibility of replicating the Uganda Workforce Development Program in Afghanistan.
- In Bangladesh, a four-year academy-expansion plan administered by the USAID-funded JOBS program is under discussion. On the agenda are a gender initiative, job placement activities, and the deployment of project coordinators in different districts to support expansion of the program. To date, eight academies have been established in Bangladesh.
- Jordan's academy program is "Achieving E-Quality in the IT Sector" by combining gender training and job placement. In 2005, 476 students (42 percent women) enrolled in the academies supported by the United Nations Development Fund for Women (UNIFEM). More than 600 students have become Cisco-certified network associates.
- In Morocco, USAID has partnered with Cisco Systems and UNIFEM to establish 11 new academies. Nine have met the alliance's requirement for female enrollment.

diagnose and troubleshoot network problems. The CCNP curriculum is offered primarily at the university level.

USAID'S PARALLEL TRACK: THE LELAND INITIATIVE

After decades of promoting ICT development in telecommunications and other fields, USAID first took action to bridge the global "digital divide" in 1996. The late Mickey Leland was a Texas Congressman and an advocate for the world's poor, particularly in Africa. Leland died in a plane crash while on a relief mission to Ethiopia during its 1984 famine. USAID's efforts to bring the benefits of the information revolution to the people of Africa were later dubbed the Leland Initiative in his memory.

In 1995, as the Leland Initiative began to bring the Internet to Africa, almost no one had access. But by November 2000, when Leland Initiative engineers activated the Eritrea national Internet backbone, they connected

the last country in Africa without Internet access. The connectivity program continued to evolve, engaging USAID around the world. USAID considered ICT as a cross-sectoral issue fundamental to all USAID interventions.

Today, ICT is integrated into 351 development activities, or 95 percent of all mission efforts. USAID's strategic approach to ICT involves reforming ICT policies that hamper or over-regulate the sector; facilitating greater access for those not connected because of economic and geographic factors; enabling individuals and institutions to practice broader, more targeted use of ICT applications; fostering innovation and new applications; and engaging in alliances to implement development initiatives.

By 1999, when the first phase of the Leland Initiative was winding down, USAID looked ahead to a new phase that would intensify its efforts through partnership. Cisco, whose Networking Academy Program was already a

prominent example of web-based IT education, was ready to take the curriculum global once it found the right mix of partners.

However obvious the potential for partnership between Cisco and USAID, the partners had yet to meet in person. At the G-8 summit in 2000, the digital divide was high on the agenda. Cisco was there to meet with development partners: USAID, UNDP, United Nations Volunteers (UNV), the World Bank, and other bi- and multilateral donors. The event was the launch of the Least Developed Countries (LDC) Initiative, a multistakeholder effort to train students of the developing world for jobs in the Internet economy.

At the summit, Cisco pledged to invest a minimum of \$3.5 million to take its learning platform to 24 of the world's least developed countries. UNDP and USAID also pledged support, while the United Nations Volunteers

and Peace Corps pledged skilled volunteers to help support new academies.

"The Cisco Networking Academy Program enables the Internet to bring digital opportunity to every corner of the earth," said John Chambers, Cisco president and chief executive officer. "By including these countries in our program, we will show that the Internet and education are truly the two great equalizers in life for countries, companies, and individuals."

With a global consensus on the importance of information technology matched by the participation of donors, Cisco's Networking Academy concept expanded quickly. By the end of 2001 Cisco was present in 20 countries, having established 58 academies enrolling 1,000 students. Cisco Systems trained trainers at Cisco Academy training centers, which in turn trained staff at regional academies. Regional academies then trained local academy



ROLES OF MEMBERS OF THE CISCO NETWORKING ACADEMY ALLIANCE

- Cisco Systems, Inc., provides funding, curriculum, and technical assistance from Cisco engineers, equipment, and brand recognition.
- U.S. Agency for International Development offers funding, scholarships for women, and guidance from USAID country missions and the agency's IT team.
- United Nations Development Programme provides funding and guidance from country offices and the UNDP technical team.
- The International Telecommunications Union supports the alliance with funds, in-kind and technical assistance, policy advocacy.
- The Japanese International Cooperation Agency provides technical assistance through the Japanese professional volunteer program.

instructors to educate eager students, such as Ekwoge Hudson Mbong. The same system is in place today.

By the end of 2002, Cisco had established 83 academies in 39 countries with a total enrollment of 3,400 students. After two years of operation, Cisco convened its first Africa Forum, where partners and the best academies came together to share experiences, successes, and lessons learned with colleagues Cisco engineers.

THRIVING ACADEMIES HELP THE ALLIANCE GROW

In 2003, alliance partners committed to a second phase—known as Africa 100—under which USAID sponsored 75 new academies and UNDP 25. Sponsorship includes equipment, training, and sponsored courses.

Africa 100 also represented a shift in focus—from universities in larger cities to secondary schools in smaller cities. Standards were also revitalized through the 50/30 campaign: in order to participate in the initiative, an academy had to enroll at least 50 students, 30 percent of whom are women. The minimum enrollment requirement was designed to permit academies to wield a professional presence capable of advancing national policy change and building the country's technological ca-

capacity. Because of the 30 percent gender target, Cisco academies in Africa now boast a higher female participation rate than those in the United States and other advanced economies of the world.

In 2004 the Japanese International Cooperation Agency joined the initiative, and the Institute for International Education was enlisted to strengthen the gender-education component. The year 2004 also saw an upgrade in the Cisco curriculum, as well as new operational challenges: Cisco managers had to cope with staggering numbers of new academies and the associated operational issues, such as staff turnover and facility management.

Today, 200 academies in 41 of the world's least developed countries and 11 middle-income countries enroll almost 10,000 students. Thirty percent of enrolled students are women, and more than 5,800 students have earned an associate's certificate.

ADJUSTMENTS

The alliance has faced difficulties stemming from its own success—among them sustaining high placement rates for graduates, reducing the brain drain of academy staff into the private sector, and helping academy operators achieve financial stability.

One obstacle has been the sustainability of academies. Financial sustainability toolkits are standard issue at all academies, as are manuals for gender and workforce development. However, not all of the academies are viable in a strictly business sense. User fees charged at some academies help recover costs and reduce the donor burden, but only a few academies have a shot at full cost recovery.

One long-term strategy for sustainability is to make sure that academies are agile in perceiving and responding to customer and workforce needs. Though Cisco is a longstanding and valued partner with USAID, both sides recognized early on that the academies should offer more than the Cisco curriculum. For one thing, the Cisco training suite did not bridge

CISCO WINS DEPARTMENT OF STATE'S 2005 AWARD FOR CORPORATE EXCELLENCE FOR JORDANIAN EDUCATIONAL INITIATIVE

The futures of countries are determined by their education system, their infrastructure, and the environment they create for innovation and supportive government," said Cisco CEO John Chambers upon receiving the 2005 Award for Corporate Excellence. "Cisco's commitment to the future of Jordan is an inspiration for businesses everywhere," observed Secretary of State Condoleezza Rice in presenting the award.

The Jordanian Educational Initiative is building the backbone for an Internet network linked to 100 schools, partnering to create a multimedia e-mathematics curriculum and 12 Cisco Academies that train young men and women in information technology to prepare them for high-tech careers. The academies have produced 600 graduates so far.

"If you've seen how the jobs are being created in Jordan," Chambers continued, "... at the number of companies that are now moving into Jordan and locating their businesses there, and the number of Jordanian companies that have flourished, you now understand what the power of working together can do."

Cisco and its partners are extending the model developed in Jordan to Palestine, Egypt, Israel, India, and the United States, in the form of the "21S" initiative, a long-term effort to rebuild schools in the hurricane-ravaged Gulf Coast region of United States and to develop student-centric, world-class education that will bridge the digital divide.

The Secretary of State's Award for Corporate Excellence, established by the State Department in 1999, recognizes the important role U.S. businesses play abroad as good corporate citizens.

the gap between the advanced networking skills taught in the academies and basic computer literacy.

Recognizing this, Cisco Systems created the "sponsored curriculum" and enlisted other technology partners to participate. Hewlett-Packard, Sun, and Panduit were among the companies that developed specific training modules to add to the Cisco curriculum. In coordination with Africa 100, these modules have been added to curricula throughout Africa. USAID has begun to reach out to other vendors, as well, including Unigraphics, whose software for managing the product life cycle is used by major corporations, and ESRI, a leading provider of software for geographic information systems.

Finally, the IT and telecommunications regulatory environment in most countries in which academies operate has proved in dire need of modernization. USAID and Cisco teamed up in 2001 to introduce regulatory training through the Cisco platform. While

regulators were generally pleased with the Cisco e-learning platform, they were unanimous in saying that content imported directly from the United States needed to be adapted to the African context. From that feedback, USAID developed a second IT alliance, Net-Tel@Africa. The web-based curriculum was designed by and for African regulators, drawing expertise from leading African and American telecommunications experts, universities, and regulatory associations. Successful completion of the 10 courses leads to a postgraduate diploma and master's levels degrees in telecommunications policy and regulation at 20 African universities. NetTel@Africa ultimately improves the operating environment for academies and the USAID-Cisco alliance.

1. The Cisco Networking Academy Program is discussed in Michael Porter and Mark Kramer, *The Competitive Advantage of Corporate Philanthropy*, Harvard Business Review, December 2002.
2. A history of the academies is available at www.cisco.com/edu/emea/academy/academy_history_home.shtml.

ENTRA 21 JOB, LIFE, AND SKILLS TRAINING FOR YOUTH

“The ‘hope gap’ separates the world’s people, from the earliest age, into those who have a future and those who cannot even imagine one. It is our collective responsibility to bridge that gap.”

**HER MAJESTY
QUEEN RANIA
AL ABDULLAH OF
JORDAN, INTER-
NATIONAL YOUTH
FOUNDATION
BOARD MEMBER**

With that as a guiding principle, the *entra 21* alliance is helping disadvantaged youth in Latin America and the Caribbean enter the workforce through training in information and communications technologies and job networking.

PURPOSE

entra 21 is a \$27 million initiative that provides youth in Latin America and the Caribbean access to training, internships, mentoring, and placement services. The program teaches life skills as well as skills in information and communications technology (ICT), both keys to the job market.

CONTEXT

More than half the population of Latin America and the Caribbean is under age 25. As many as two-thirds of those young people are not enrolled in school and unable to find jobs. Even those who are able to afford an education are unprepared to compete for skilled jobs. In contrast, the demand for a workforce skilled in ICT is strong in the region.

ALLIANCE MEMBERS

International Youth Foundation

Multilateral Investment Fund of the Inter-American Development Bank (IDB)

U.S. Agency for International Development

Corporate donors include:

Microsoft Corporation

Lucent Technologies Foundation

Merrill Lynch

Gap

Nike

Nokia

Shell

Chevron/Unocal

ACCOMPLISHMENTS AND OUTCOMES

By assembling a consortium of bilateral and multilateral institutions and corporate donors, the *entra 21* alliance has implemented 36 local partnerships involving nonprofits, private sector stakeholders, and government ministries in 19 countries. Between 2002 and 2005 more than 12,000 young men and women were trained. More than half of graduates have been placed in jobs and paid internships.

FUNDING ARRANGEMENT

International Youth Foundation (IYF): \$15 million (\$10 million to match the MIF investment and an additional \$5 million at the project level)

Multilateral Investment Fund: \$10 million

U.S. Agency for International Development: \$3 million as a part of IYF’s match. Country missions have contributed an additional \$1.1 million toward IYF’s \$5 million commitment at the project level.

Corporate donors: various amounts

Medellin, Colombia's second-largest city, is the center of a region known for its flower production. Yet it also suffers from drug trafficking, gang violence, and soaring unemployment. One intersection on a hillside above the city is referred to as "the Wolves' Mouth" for its particularly violent drug trade—and perhaps for the dreams devoured over the years by bloodshed and unemployment. When *entra 21* came to Medellin, 1,900 young people applied for the 500 spots offered. *entra 21* provides access to low- or no-cost employment training for poor youth. For many of these young people, access to computers and other information technology is limited or unavailable, putting them at a disadvantage in finding a first job.

Not every applicant could join, but those given the opportunity made the most of it.

Jenny Acosta, 18, worked at a candle-making factory and could not afford to enroll at the local university. Now she has a full-time internship at a more prestigious institution and even turned down a full-time job offer so she could continue to develop, through an *entra 21* entrepreneurship circle, her plans to start an office-supplies distribution network.

Catherine Garcia Montoya, 21, works at the reception desk at Teledatos, a call center for businesses, where she's a paid intern through *entra 21*. She had wanted to attend the university after high school but was too busy caring for her child. Now, with the money she's earned, she can pay to continue her education. Even better, her business plan to open an ice cream shop with a friend has become eligible for seed funding. She and others in the entrepreneurship group meet in the center of Medellin every Saturday for additional training in planning and marketing strategies.

Paula Ramirez, 20, felt she had few options after graduating from high school. She earned some money from odd jobs—including baking cakes in a family business—but was often without work or income. Today she's an IT systems assistant at a leading nongovernmental organization (NGO) and a budding entre-

preneur: her business plan to open up a craft store showcasing local arts and culture was chosen for further development and is eligible for seed funding.

Medellin is one of five sites in Colombia where *entra 21* is in action. Projects harness the dreams and energy of youth and turn them to productive uses—building national economies and giving young people a stake in the future. It began with the International Youth Foundation.

LEVERAGING FUNDS AND KNOW-HOW

The International Youth Foundation (IYF) is a global nonprofit organization committed to providing young people with opportunities to use their talents productively. IYF engages youth—especially disadvantaged youth—through job and life-skills training, and active participation in society, education, and empowerment. Through its work with donors and at the grassroots level, IYF has developed an approach based on two main tenets:

- Youth issues are universal but tend to have regional particularities; a multicountry approach is therefore a good way to capture both the general and the specific aspects of the issues.
- Innovative pilot approaches to youth skills training should be identified and scaled up to multicountry initiatives.

"In pursuing its mission to bring worldwide resources to young people in need, IYF identifies programs that work," says William Reese, IYF's president and CEO. "Rather than building new programs from scratch, we take successful approaches and scale up their impact and reach so that many more young people can benefit."

entra 21 evolved out of lessons learned from prior youth employment training programs in the region, especially national initiatives in Argentina, Brazil, Chile, Peru, and Uruguay. Evaluations of those programs showed a need to assess the existing and projected labor markets in each project location, and to adapt lo-

cal partnerships to ensure the greatest potential for job placement.

To take this lesson to an appropriate scale, IYF engaged the Inter-American Development Bank through its Multilateral Investment Fund (MIF), a \$1.2 billion source of seed capital that extends IDB's activity beyond existing bilateral and international assistance instruments.

"What IYF could offer was greater leveraging success than they were accustomed to," Reese says. "MIF normally leverages locally 30 to 50 cents on the dollar, and some of that is in-kind contribution. IYF offered full one-to-one leveraging, plus an additional \$5 million at the country or project level, with an agreement to bundle grants and shift implementing oversight to a partner organization."

ENTER THE GLOBAL DEVELOPMENT ALLIANCE

As IYF was courting public and private donors, GDA was just emerging. Holly Wise, GDA's director at the time, was interested in what IYF was doing. "Both USAID and IYF stood to benefit from working together in this alliance," she says. "IYF had done prior work in cultivating an alliance with significant leveraging from the private sector. USAID, in addition to contributing project funds, offered a well-established field presence, an extensive network of local partners, and the technical expertise of its staff."

This was new territory for IDB. MIF was intended for single-country, single-program grants; Reese was pitching a multicountry umbrella with IYF as manager of up to 35 projects throughout the region. But because the program promised to generate new lessons and best practices to train youth, place them in productive jobs and engage the business sector, IYF's efforts were successful. IDB pledged \$10 million through the MIF, while IYF promised to match that pledge and add \$5 million more at the project level. USAID's \$3 million contribution was announced in May 2002 at a three-sector conference at the

U.S. Chamber of Commerce. The deal offered the newly created GDA an opportunity to hit the ground running with a proven partner and an array of cofunders, both public and private.

ATTRACTING DONORS

IYF's fund-raising strategy counted heavily on tech-sector funding that was severely curtailed after the stock market crash of 2001. That some corporate donors stuck to their commitments despite the downturn suggested that they viewed their alliance with IYF as both important and a good long-term investment. IYF had successfully presented itself as an effective partner to which corporations could turn to implement all or part of their social responsibility initiatives. Thus IYF was winning and building relationships and alliances rather than catching a series of one-time philanthropic gifts, which allowed the alliance to attract resources despite the contraction in philanthropy following the crash.

In addition to lending corporate partners the positive reputation of IYF's mission and organizational performance, IYF gives partners global reach, a core set of defining issues (youth, job and life skills training, ICT skills development), reduced transaction costs (compared to a corporation executing its own program), and the capacity to directly manage and implement programs.

Also important to firms is that through an alliance with NGOs, other corporate partners, and donors such as IDB and USAID, a corporation can leverage its investment and achieve a much greater impact than it would on its own. It is the mark of a durable alliance, in fact, that all partners can claim to have leveraged each other's resources!

In the case of *entra 21*, the resources leveraged and the outcomes achieved have matched or exceeded original projections. IYF's obligation was \$10 million; it has raised more than \$11 million. For its local cost-share match, IYF has secured more resources for 24 projects than it thought were needed for 35. (In addition to the \$3 million from GDA to help meet the



SUSTAINED, STRATEGIC COLLABORATION



ne of IYF's most durable relationships is with Nokia. Since April 2000, the "Make a Connection" initiative has benefited more than 180,000 young people worldwide. The initiative emphasizes development of life skills such as self-confidence, responsibility, and teamwork to induce young people to contribute to their communities and help them become competent and caring adults. Nokia's investment exceeds \$20 million.

Make a Connection is active in 21 countries, including:

- The Netherlands, where it established a network of press agencies

to train disadvantaged youth as journalists

- Poland, where it trained and engaged more than 3,500 youth in volunteer service
- Canada, where it strengthened the personal and social skills of more than 15,000 aboriginal youth
- Brazil, where it organized 1,000 dedicated young people as reading mentors to at-risk children

IYF chief William Reese views the program as a classic division of labor that exploits the comparative advantage of each partner: IYF focuses on program design, implementation, monitoring, and assessment, while Nokia adds funding, staff volunteers, and community relations support.

Martin Sandelin, Nokia's vice president for corporate social responsibility and community involvement, explains some of the "must haves" exhibited by the alliance: "In order for a global collaboration of this magnitude to work effectively, there has to be open, frank dialogue, clear strategic intent, strong political will, and a willingness to take risks."

In 2005, Nokia and IYF extended the Make a Connection program to support an *entra 21* project operating in Chile, Colombia, and Venezuela.

MIF match, individual country missions have provided funds to meet the local-cost-sharing component.)

MANAGING FOR RESULTS

IYF's grant review committee has funded 25 of a planned 35 projects to train 12,000 young people and place at least 4,800 in jobs. IDB's two-year program extension to January 2008 will permit 10 to 12 additional projects (using an additional \$8 million in project funds) and greater opportunity to measure programmatic impact and disseminate successes and lessons. More than 5,000 youth will benefit from the latest series of grants, enabling *entra 21* to extend its impact to a total of 17,000 disadvantaged youth in 19 countries.

Don Terry, the managing director of MIF, is proud of his decision to explore new waters with the IYF grant. "This is the most important grant program that we have ever done," he said at IYF's 2002 annual partners' meeting. "We wanted to do something different, and we needed new partners. In other grant projects, MIF was the donor which gave a grant to an executing agency. This program with IYF is a true partnership."

Each local project supported by *entra 21* develops and executes its own strategy and holds itself accountable for the results achieved. But though IYF takes care to see that local projects exercise broad autonomy rather than dependence, all share key traits: a clear labor-market need, an explicit job placement strategy, participation by youth ages 16 to 29 (with special consideration for disadvantaged youth), activities combining technical training with business life-skills, and local-partner engagement to strengthen service delivery and project sustainability.

Discovering, strengthening, and uniformly evaluating 30 to 35 locally conceived projects gives IYF and its co-investors the opportunity to identify best practices in connecting with youth, training them, and engaging businesses that can employ them. The alliance's monitoring and evaluation data reveal that 87 percent of youth are completing the training programs (young women have an even higher success rate). Having planned for a 40 percent placement rate at the outset, IYF now believes it will place 50 to 55 percent of graduates.

Complications have occurred. Programs in Argentina, Bolivia, and Panama saw some attrition among participants, due variously to students being ready for more advanced training, difficulties in balancing formal schooling with *entra 21* training programs, or finding employment. In Ecuador, a simultaneous rollout in four cities, with training segmented by age groups, proved difficult to manage.

Program successes include a training course in the Dominican Republic that placed 89 of 91 graduates in internships. A program in Bolivia is training 600 young people to help non-profits expand their IT capabilities through a nationwide telecommunications system. A major local partner in Brazil, the Instituto de Hospitalidade, helped secure a major commitment from the ministry of tourism to take a local project to scale at the national level—going from benefiting 480 youth in one city to more than 4,000 in 11 cities.

IYF is documenting and disseminating the lessons from these experiences in order to strengthen existing youth-employment training projects. Results will be made available to local, national, and international policymakers—and used to engage business associations, donor agencies, and foundations. So far, the results point to several key lessons and best practices:

- Life and employability skills must be combined with technical IT skills to succeed.
- Market studies must precede local initiatives to determine private sector employment needs. Local implementers must be adequately prepared.
- Internships are often a key step toward job placement. The role of local private sector stakeholders in training and job placement cannot be understated.

Not to be overlooked are the immense institutional gains for local implementing partners. Through their interaction with IYF, local partners learn how to build multisector alliances that in some cases include relationship management with local and multinational

corporations. *entra 21* has become more than job training for youth—it is a massive undertaking in capacity building for local NGOs.

BRIDGING THE “HOPE GAP”

For the partners that make up *entra 21*—IDB, IYF, USAID, and corporate partners such as Nokia—documenting and sharing lessons has brought a deeper understanding of youth employment issues. They know that although there are many challenges surrounding youth employment, the right programs can have real impact.

Today’s young people—and their children—will define the quality of life in the 21st century. Their success is tied to the state of the world’s economy, stability, and progress toward a more democratic society. To achieve positive outcomes on these fronts requires instilling in youth the skills to maneuver through everyday life, raise a family, contribute to their communities, and find a productive job. Without those skills, a young person’s first job—if he or she finds one—can too often be a dead end, with little or no hope of earning a decent living or finding a better future.

Bill Reese likes to cite Queen Rania Al-Abdullah of Jordan, an IYF board member, who often speaks of the need to narrow the “hope gap” between those who have confidence in their future and those who do not. Queen Rania and Reese agree that that gap is one of the greatest challenges facing the global community; *entra 21* is helping to close it.

THE CERTIFIED INTERNATIONAL PROFESSIONAL ACCOUNTANT ALLIANCE

ACCOUNTING FOR CHANGE IN THE FORMER SOVIET REPUBLICS

The global marketplace for business and investment like good governance and budget management requires transparent, standardized accounting practices. The CIPA Alliance is laying a solid foundation for investment and business development in Central Asia through a comprehensive program of professional training, capacity building, and networking through local and regional associations.

PURPOSE

To establish international accounting standards in the former Soviet republics to improve governance, conduct business, and attract investment.

CONTEXT

The Soviet Union had a *command economy*, a centrally controlled system based on government orders to produce and distribute goods and resources. Bookkeepers and formal accountants tracked quantities of goods and materials, not costs or income. Selling goods for more than the cost of production was a crime.

When the region began its transition to a market system, basic concepts such as tracking finances and budgets, depreciation, and other international accounting practices were virtually unknown. Continued use of Soviet-era accounting principles and a lack of accountants skilled in international accounting principles has crippled the growth of successful enterprises and regional employment, discouraged foreign investment, and slowed the region's integration into the global economic community.

ALLIANCE MEMBERS

U.S. Agency for International Development, Accounting Reform Project

CIPA Examination Network, Inc.

International Accounting Standards Committee Foundation

International Accounting Standards Board

International Federation of Accountants

Eurasia Council of Certified Auditors and Accountants

Certified General Accountants' Association of Canada

Thunderbird, The Garvin School of International Management

United Nations Conference on Trade and Development–Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting

ACCOMPLISHMENTS AND OUTCOMES

The Certified International Professional Alliance alliance began by implementing internationally certified accounting programs in Kazakhstan, Kyrgyzstan, and Ukraine, creating curricula in the languages of the countries. The program has scaled up and expanded to Russia and Eastern and Central Europe.

Sustainability is assured by the formation of a regional accounting association and national associations, conceived and built by the participating republics and supported by alliance partners.

FUNDING ARRANGEMENT

U.S. Agency for International Development: \$3,500,000 from GDA and missions

International Accounting Standards Committee Foundation: \$9,200,000 (in-kind equivalent)

Certified General Accountants' Association of Canada: \$805,000 (in-kind equivalent)

When the Soviet Union disintegrated in 1991, its newly independent republics needed to make the switch from controlled economies dominated by government-run industries to market economies based on privately owned enterprises. Governments had to begin grappling with real budgets. The technical expertise of an army of command-economy bookkeepers and accounting clerks was rendered obsolete; new skills were needed.

Mass privatizations and economic reforms in the former Soviet republics spawned thousands of private enterprises in 16 newly independent countries with a total population of more than 280 million. If these enterprises were to become the engines of resurgent national growth, professionals versed in market economy accounting and financial management would be needed.

AN OPPORTUNITY TO MAKE A FUNDAMENTAL DIFFERENCE

Gary Linden, director of the Office of Market Transition in USAID's Central Asia mission, recognized the fundamental nature of the problem and its breathtaking scale. But he was optimistic. Research revealed that Soviet-era bookkeepers, most of whom were women, were generally willing and able to learn a new set of concepts, skills, standards, and rules. Many were eager to become professionals.

Linden envisioned a solution with three parts:

- Train the new class of accountants using appropriate materials and curricula
- Certify the completion of training to signal competence to potential employers.
- Institutionalize international standards of quality and competence.

Many forms of certification are available to signify training in internationally recognized accounting standards. Among the most widespread are the certified public accountant (CPA) designation established by the American Institute of Certified Public Accountants (AICPA), the Association of Chartered

Certified Accountants of Great Britain (ACCA), and the Certified General Accountants of Canada (CGA). But CPA programs are not available in the Russian language. Accountants of the former Soviet Union could not be expected to learn a new language along with a new set of accounting standards.

For Linden, the opportunity for USAID was clear—adapt international accounting standards into other languages to retrain an entire generation of accountants.

PARTNERS IN COURSE DEVELOPMENT

Initial contacts with AICPA, ACCA, and CGA were not promising. AICPA's charter did not allow services to be extended outside the United States, while ACCA and CGA were reluctant to provide industry expertise and tools outside the universe of their dues-paying members—especially when retrained accountants might then compete with those members for jobs. If the leading accounting associations would not swoop in with a top-down approach, USAID resolved to build professional accounting standards from the ground up for the former Soviet bloc.

The agency's accounting reform team started from scratch by developing a basic financial accounting course in Russian. A former CGA member working for the USAID accounting reform project in Kyrgyzstan began offering a course and exam on financial accounting in that country that proved to be a competent introduction to internationally recognized accounting standards. It was also rigorous and comprehensive enough that only 50 percent of test takers passed. Those who did received a certificate of merit with the seals of USAID and the Kyrgyz ministry of finance, which quickly gained currency among accountants.

"We knew we were on to something when we found forged certificates circulating," recalls Rick Gurley, USAID's accounting reform project officer. "The new certificates were widely respected by accountants and prospective employers, and even had real value on the street."

Recognition of the new credential among accountants and employers was a significant measure of success, though only a first step. USAID's accounting reform team immediately set about developing a managerial accounting course to complement the financial accounting offering. A third course in tax and law was added to train accountants in Kyrgyz regulations. This three-course module was soon expanded to Kazakhstan.

To gain the confidence of investors, the courses needed to be developed into a full suite of courses to enable candidates to meet the basic requirements for accounting certification recognized by bodies such as AICPA, ACCA, CGA, and the International Federation of Accountants (IFAC), the global governing body for accountancy.

The United Nations Council on Trade and Development (UNCTAD) and CGA had developed accounting education guidelines and a global model curriculum based on the equivalent of an undergraduate accounting degree. In the spring of 2001, members of the USAID accounting reform team met with CGA representatives in Vancouver to extract from the course the most relevant proficien-

cies for use by USAID in Central Asia. The result was a blueprint for a two-tiered certification system involving three courses leading to the credential of Certified Accounting Practitioner (CAP) and seven courses (the three CAP courses plus four more) for full recognition as an international accounting professional—a Certified International Professional Accountant (CIPA).

At this time, Gurley tried to persuade CGA to establish a program in the Commonwealth of Independent States (Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) to write and score exams for the CAP and CIPA program. The association agreed, on the condition that CGA's training materials would be used, at a price of \$125,000 per course and \$25 per copy for royalties. CGA has excellent training materials, but with seven courses planned and as many as 5,000 copies of each course needed each year, the price of the CGA materials was too high. It far exceeded the resources of the accounting reform team.

USAID looked elsewhere for a partner willing to invest its own sense of mission in the effort, not a vendor offering a set of services at full price. Eventually, the accounting reform team engaged several U.S. publishing houses to derive basic accounting courses from university textbooks. It called on Pragma, a long-time USAID partner, to further refine and administer the three-course module.

But to consolidate the success achieved so far—and to expand the three-course module to Russia, Ukraine, and elsewhere—the agency needed a strategic alliance with a major accounting certification body.

PARTNER BUY-IN

The accounting reform team soon realized that they were not working alone. The London-based International Accounting Standards Committee Foundation (IASCF) promotes international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB), which IASCF created and supports. In 2002, the accounting reform



THE VARIED MEMBERS OF THE CERTIFIED INTERNATIONAL PROFESSIONAL ACCOUNTANT ALLIANCE

- The staff of the U.S. Agency for International Development's Accounting Reform Project, based in USAID's Central Asia mission, conceived the alliance.
- CIPA Examination Network, Inc. (CIPAEN) is a nongovernmental organization (NGO) created to produce accounting exams for use in the former Soviet Union and other regions of the world.
- International Accounting Standards Committee Foundation (IASCF) promotes international financial reporting standards issued by the International Accounting Standards Board (IASB).
- International Accounting Standards Board (IASB), an independent NGO, serves the public interest by developing enforceable global accounting standards in the public interest.
- International Federation of Accountants (IFAC), the global governing body for accountancy, comprises 168 member organizations in 119 countries.
- Eurasia Council of Certified Auditors and Accountants (ECCAA) is the IFAC-recognized regional association of accounting associations in the former Soviet Union.
- Certified General Accountants' Association of Canada (CGA) is a professional membership association.
- Thunderbird, The Garvin School of International Management, is a U.S. business school specializing in international business.
- United Nations Conference on Trade and Development—Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (UNCTAD/ISAR) has developed model global accounting curricula to assist transition economies.

team learned that IASB had been working on a certification scheme based on the IFRS and was planning to launch it on a pilot basis within one or two years.

Gurley presented the concept of a partnership with USAID to Kurt Ramin, commercial director at IASB. USAID's team suggested that IASB join its ongoing work with USAID's efforts in Central Asia on a trial basis, with potential expansion to Russia and Ukraine. IASB was potentially the mission-based partner with the international credibility that USAID sought. For IASB, USAID's proposal was an opportunity to pilot its certification concept through established channels. Ramin accepted. USAID had successfully brokered a public-private alliance based on shared goals, resources, risks, and rewards.

PROACTIVE INSTITUTION BUILDING

An outgrowth of the accounting reform program was acceptance within the CIS countries of the importance of the training and certification. To introduce an internationally recognized, regional certification in the Russian language, USAID supported the creation

of regional and national accounting associations, followed by a certification network.

In the summer of 2001, Sapar Koshkimbaev, president of the chamber of auditors of Kazakhstan, invited his counterparts from throughout Central Asia to Almaty to propose the formation of a Central Asia Council of Certified Auditors and Accountants. The purpose of the regional federation would be to establish and promote a regional, Russia-language education, examination, and certification program based on international standards, practices, and ethics. In October 2001, a group of 13 representatives of the four Central Asian republics and one representative from Russia met again in Almaty to sign a formal protocol outlining the new body's education, examination, and certification criteria, thus formally establishing the CIPA certification program. The leaders of the accounting profession determined that the proposed federation, together with the local member association in each country, would issue the certificates. They also decided that an independent, regional examination center should be established that would write and score exams and maintain a database of candidates and results. The exam center, the second

institute that USAID helped to create, became the CIPA Examination Network (CIAPEN).

On December 5, 2001, the 13 members of the federation were joined by colleagues from two Russian accounting associations and a Ukrainian association to establish the International Council of Certified Auditors and Accountants, now known as the Eurasia Council of Certified Auditors and Accountants (ECCAA). They elected Sapar Koshkimbaev as their president. Kurt Ramin, IASB's marketing director, joined the meeting in Tashkent to pledge his support for the new organization and for the CIPA certification.

BUILDING A CERTIFICATION NETWORK

USAID then turned its attention to the examination challenge. Pragma, the contractor tasked with supporting the development of the CIPA program, hired the former director of ACCA in Ireland, Liam Coughlin, to come to Central Asia to establish CIPAEN. Coughlin quickly assembled a fine local team, and the first CIPAEN exams were given in 2002. In the same year, CIPA was introduced into Moldova and Ukraine.

The program had compiled a record of success in Central Asia and was off to a good start in Ukraine and Moldova. But USAID and ECCAA realized that for CIPA to become commercially viable, it would have to

be introduced into Russia. USAID did not have an accounting reform project in Russia, but it would devise one. Funds committed by USAID's Ukraine mission and the agency's Europe and Eurasia bureau now support a co-operative agreement with ECCAA to open a branch office in Moscow, publish training materials, and market the CIPA program throughout Russia.

AN ALLIANCE EMERGES AND GROWS

Over a period of several months in the summer of 2004, USAID, ECCAA, and IASCF negotiated a memorandum of understanding to formalize the CIPA Alliance, which was signed in August by IASCF chairman Paul Volker, USAID administrator Andrew S. Natiosis, and ECCAA president Sapar Koshkimbaev. The agreement allows ECCAA to use the logo of IASCF's International Financial Reporting Standards on the CAP and CIPA certificates, marketing, and educational materials. CAP and CIPA are currently the only professional accounting certificates in the world that bear the prestigious IFRS logo. An independent appraiser of intangible assets valued the IASCF contribution to the alliance at \$9.2 million.

Separately, AICPA had become very interested in the CIPA program. The association sent out assessment teams to determine if CIPA had the credibility, quality, and viability to offer

THE ALLIANCE HELPS SPREAD THE USE OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

By 2003, the International Accounting Standards Board (IASB) had decided that its business should focus on the development and promulgation of accounting standards and that it would cease its work with CIPA. Because the international credibility of the Certified International Professional Accountants program depended on affiliation with an international standards body, USAID's Rick Gurley arranged a meeting with Paul Volcker, chairman of board of trustees of the International Accounting Standards Committee Foun-

dation, the legal entity under which the IASB operates. He had an hour to persuade Volcker that CIPA was not only beneficial to the accounting profession of the former Soviet Union, but also was an excellent mechanism for spreading the use of the IASB's international financial reporting standards (IFRS). Since the introduction of CIPA into the Central Asian republics, three had adopted IFRS as their national accounting standards. Volcker was convinced. He obtained his board's approval to continue supporting the CIPA program.

AICPA's global accounting certification. Knowing that AICPA lacked experience in Russia and the CIS, USAID approached the Center for Business Skills Development (CBSD) at the Moscow branch campus of Thunderbird's Garvin School of International Management as a potential partner for AICPA in CIPAEN. Together, AICPA and CBSD could provide long-term financial sustainability and expert management for CIPAEN. CBSD agreed, and with CBSD as a local partner, AICPA felt the confidence to join the CIPA program in July 2004.

In March 2003, UNCTAD invited Gurley to make a presentation on the CIPA program at a special meeting in Geneva of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR). The topic of the conference was the need for a global accounting certification. Among many academic and theoretical presentations, Gurley's talk on CIPA stood out as the only example of an internationally recognized, professional certification based on the IFRS and offered in the local language. UNCTAD/ISAR was impressed with CIPA's potential as a global certification program and pleased to see its global curriculum being put into action as the basis for the CIPA certification.

Before the conference ended, UNCTAD/ISAR's chairperson, Lorraine Ruffing, made a commitment to partner with USAID and ECCAA to upgrade the education content in the CIPA program to full compliance with the UNCTAD/ISAR global curriculum and to improve the training material used in the CIPA education program. Ruffing assigned her deputy, Tatiana Krylova, a Russian citizen seconded to UNCTAD/ISAR from KPMG, to work with USAID, ECCAA, and CIPAEN. Krylova now chairs an international committee established to review CIPA training materials and to make recommendations for upgrading the materials to meet international standards.

CGA's chairman and the head of its international division were in the audience when

Gurley gave his presentation in Geneva. Pleasantly surprised that the program CGA had helped create had become so successful, they expressed their renewed interest in joining the alliance. Gurley asked them to consider waiving its licensing and royalty fees for the seven courses as a contribution to the CIPA program. After months of discussion, CGA agreed to waive its licensing fee (a total of \$875,000) and to charge a nominal royalty of \$2 per copy, for an in-kind contribution equivalent to \$805,000.

INTERNATIONAL ACCEPTANCE

ECCAA has achieved its goal of becoming an official IFAC regional grouping. In September 2005, IFAC accepted ICCAA with one stipulation—that it adopt its present name to reflect its geographic region. IFAC has selected ECCAA for its first ever outreach program, through which IFAC will build ECCAA's capacity as a regional group.

Since its inception in 2001, the CIPA program has attracted the support of the global leaders of the accounting profession. ECCAA has grown from 11 founding members to 25 associations in nine countries. The CIPAEN/ECCAA partnership has administered, or recognized from earlier USAID accounting reform projects, 64,821 exams—including 14,618 during the latest USAID project year in Central Asia (September 2004–August 2005)—throughout Belarus, Moldova, Russia, Ukraine, and the five Central Asian republics. To date, more than 4,000 accountants have earned the CAP credential. This program:

- Improves the abilities of small and medium enterprises to manage their businesses more profitably
- Reduces corruption and money laundering opportunities, and increases foreign direct investment
- Provides an excellent vehicle for raising the level of professionalism and increasing the education, qualification, and earning power of accountants in the former Soviet republics.

USAID has had numerous inquiries about offering the CIPA program in Arabic, Chinese, Dari, and Spanish. In November 2005, USAID officials traveled to the Middle East to meet with accounting professionals in that region to discuss the potential for an Arabic language program similar to CIPA. Soon, the CIPA program may become a truly global development alliance.

ACCOUNTING FOR SUCCESS IN KAZAKHSTAN

Kazakhstan was the first country in the former Soviet Union (FSU) to adopt and promote the CIPA concept and program. It has maintained the lead among the former Soviet countries in participating in the CIPA program, although Ukraine is quickly gaining ground. With only about 7 percent of the total population of the FSU, Kazakhstan has accounted for 23,361 exams (37 percent of the total). The country's government has established a relatively supportive legal and regulatory environment for the creation of a market economy and the international accounting

and audit standards on which the CIPA program is based. Kazakhstan is also the leader in raising exam fees to cover the cost of examinations. In two USAID project years it has gone from collecting no fees to collecting more than \$140,000.

So far 1,975 candidates in Kazakhstan have passed the three CAP exams and eight candidates have passed the eight CIPA exams. The CIPA program is delivered by 34 independent training providers, by far the largest number in any country, only five of whom, located in remote territories, receive any subsidies from the USAID Enterprise Development Project in Kazakhstan.

Finally, Kazakhstan's Qualifying Commission, which has statutory authority for certifying auditors, has adopted the CIPA-level exams for this purpose, meaning that Kazakhstan's auditors have the most rigorous technical requirements in the FSU. The auditor-qualifying bodies in Kyrgyzstan and Uzbekistan have expressed interest in following the Kazakh example.

PARTNERSHIPS FROM THE BOTTOM UP

ENGAGING GRASSROOTS NETWORKS FOR SUSTAINABILITY

All development is local. The alliance model of the U.S. Agency for International Development (USAID) was devised to recognize and take advantage of opportunities that arise locally through formal and informal networks. Locally, USAID mission staff are always on the lookout for new initiatives to mobilize the energy and talents of poor people who lack only opportunity to improve their lives.

With a variety of partners, USAID is encouraging grassroots initiatives to bring peace to Colombia, plant millions of trees on deforested land, and make it easier for concerned citizens in the developed world to support disaster relief and other worthy causes in developing countries.

- The Alliance for Restorative Justice, Coexistence, and Peace in Colombia brings a visionary foundation together with USAID and a philanthropic think tank to promote a vision of peace amid the civil chaos that bedevils Colombia.
- Thanks to the International Small Group and Tree Planting Program, thousands of small groups of poor villagers in poverty-stricken and marginalized areas of Tanzania, Kenya, Uganda, and India are breaking the cycle of unsustainable subsistence farming and deforestation by planting millions of trees. Trees prevent erosion and improve the soil, while providing fruit, nuts, shade, and wood. As the trees grow, so do the incomes of the small groups.
- The Global Giving Alliance expands an innovative use of the Internet to fund and support local community development projects around the world.

ALLIANCE FOR RESTORATIVE JUSTICE, COEXISTENCE, AND PEACE

RECONCILING THE PAST, PREPARING FOR THE FUTURE

“ If peace is possible in South Africa, it can happen in Colombia.”

ARCHBISHOP
DESMOND TUTU

A scion of a well-known Colombian family partners with USAID to help the country move toward peace and reconciliation after decades of violence.

PURPOSE

To help Colombia achieve civil peace and provide alternative means of healing conflicts involving juvenile offenders. By applying the restorative justice model pioneered in South Africa, Northern Ireland, other postconflict situations, and traditional societies, the alliance provides a way for Colombia to heal the wounds of its past and embrace the future.

CONTEXT

Colombia must absorb large numbers of former combatants back into society, but there is little public awareness about restorative justice. Meanwhile, high levels of crime and domestic violence in some urban areas, particularly involving youth, tax the ability of the traditional justice system to restore relations between offenders and victims.

ALLIANCE MEMBERS

U.S. Agency for International Development

AlvarAlice Foundation

Local resource and implementing partners

Corporación Valle en Paz, a membership organization of some 600 businesses, farmers organizations, churches, universities, and other partners

Fundación Corona

Fundación Paz y Bien

Javeriana University Cali

ACCOMPLISHMENTS AND OUTCOMES

Five restorative justice centers established in three slums in the city of Cali serve hundreds of marginalized urban households by allowing juvenile offenders and at-risk youth to take responsibility for their actions as a basis for reconciliation. Similar rural centers help former combatants to reenter society. Some 650 rural households have received conflict management training and agricultural extension and marketing services to improve livelihoods and lessen recruitment of rural youth by illegal armed groups. More than 3,000 individuals will be reached over the life of the project. Funding arrangement

U.S. Agency for International Development:
\$1.7 million

AlvarAlice Foundation: \$500,000 in fundraising from public and private donors

Sugar industry: \$1,000,000

With one of South America's richest endowments of natural resources (including petroleum, coal, coffee, flowers, fruits, gold, and emeralds) and Latin America's oldest democracy, Colombia has suffered decades of political-criminal insurrection that have thwarted development. For almost half a century, armed groups have taken advantage of a lack of state presence in outlying rural areas to wage violent campaigns for control of parts of the country. An estimated 3,000 to 4,000 civilians are killed each year as a result of the conflict, and hundreds more are kidnapped. Coca and poppy cultivation is spreading to new regions; democratic institutions (especially in rural areas) remain fragile; and thousands of rural Colombians have been forced to abandon their homes to escape the violence. Criminality from the drug trade and the common crime found in many of the urban centers of Latin America add to the country's difficulties, overwhelming the judicial and penal systems.

With the potential demobilization and reintegration of tens of thousands of guerrilla and paramilitary fighters, Colombia faces a tough road. But it is also a time of fragile hope and opportunity. An alliance among the U.S. Agency for International Development (USAID), a Colombian family foundation, and grassroots organizations is doing its part to realize the country's promise by applying the concepts of restorative justice, an idea whose roots can be traced to antiquity, but that is relatively new in modern judicial systems.

Restorative justice, pioneered in South Africa after the downfall of the apartheid system, emphasizes healing the wounds of victims and perpetrators of criminal behavior, as well as those of communities affected by that behavior. Its principles have been applied in many countries beset by conflict. A common element of restorative justice programs is that victims, perpetrators, and community members are brought together to forge solutions based not on retribution but on forgiveness, repair of harm, and reintegration of victims and offenders into society.

The alliance has three parts. In the *urban component*, in the city of Cali, young people in poor, violent neighborhoods are learning to apologize for their crimes and become productive members of their communities. In the *rural component*, farmers in the nearby Cauca Valley are learning how to solve conflicts using restorative justice. Simultaneously, agronomists specializing in ecoagriculture are teaching farmers new techniques to grow and market organic vegetables and coffee as premium-priced substitutes for coca. In the alliance's *curricular component*, Colombian universities are creating courses focused on international humanitarian law and restorative justice.

All three components are an extension of private philanthropic work dating back several decades, recently invigorated by new partners to face new challenges. Serendipity played a role in the formation of the alliance.

BUILDING THE ALLIANCE: PHILANTHROPISTS AND VISIONARIES

Maria Eugenia Garcés, a founding member of the AlvarAlice Foundation, comes from a family with a long tradition of private philanthropy. Her parents, Alvaro Garcés and Alice Echavarría, engaged in philanthropic work in the city of Cali, capital of the rich state of the Cauca Valley. With others, they established the Corona Foundation to provide social services for the 6,000 employees of the family business. In 1988, the foundation, one of Colombia's most respected for 40 years, began to make grants in the areas of education, health, and community and enterprise development. Maria Eugenia Garcés became a member of the Corona Foundation's board in 2000 and later joined the board of the Brain Trauma Foundation in the United States. She would build on that experience to found FUND-COMA, the Colombian Foundation for the Treatment of Brain Injuries.

Upon the death of her parents, Garcés and her siblings set out to create a new private foundation, the AlvarAlice Foundation, to commemorate and continue the Garcés Echavarría



legacy of social philanthropy in Colombia. In recognition of the broad-based and participatory style of Alvaro Garcés and Alice Echavarría's social activism, the foundation's charter and mission called for strategic relationships with other local, national, and international partners to further Colombia's development from the grass roots up.

THE GLOBAL PHILANTHROPISTS CIRCLE

In the process of setting up AlvarAlice, Garcés and her family were introduced to the Synergos Institute's Global Philanthropists Circle, a network of individuals and families active in private and community philanthropy. Composed of 50 member families in 15 countries, the Global Philanthropists Circle is one of several essential services provided by the Synergos Institute, an international organization formed in 1986 to expand private philanthropy in developed countries and build the

capacity of local foundations in countries where a strong tradition of philanthropy did not yet exist.

The Garcés Echavarría family recognized the value of the services that Synergos and the Global Philanthropists Circle could provide—strategic planning and operational blueprints, stakeholder maps, and action plans to start a private foundation from scratch. But Maria Eugenia Garcés also valued the intangible benefits of accessing the ideas and experience of people who were in a similar position as her family and could offer guidance and personal support.

Andrew Sillen, a relationship manager at Synergos, helped formulate a strategy to support the AlvarAlice vision. Sillen suggested an international symposium in Colombia as a way of introducing the new foundation and launching its first initiative in restorative justice.

At the 2003 annual meeting of the Global Philanthropists Circle, Garcés found herself seated at a table with fellow member Tokyo Sexwale, a charismatic figure who was at one time imprisoned alongside Nelson Mandela for activities “subversive” to South Africa’s apartheid regime. After serving a reduced sentence at the Robben Island maximum-security prison (and earning an undergraduate degree in the process) Sexwale went on to be elected a regional governor in post-apartheid South Africa. He then retired from politics to found a holding company and subsidiaries with major stakes in oil and diamonds.

When Garcés related her plans to focus on restorative justice in Colombia, Sexwale responded unequivocally. “You don’t know what it takes to do restorative justice,” Sillen recalls Sexwale saying, “but we do, and we will help you.” A second serendipitous connection would be made soon after—this time with the Global Development Alliance (GDA).

IT HAPPENED ONE NIGHT

GDA had only recently cultivated the Synergos Institute as a strategic partner, after a stocktaking exercise identified a gap among GDA’s resource partners—individuals of high net worth who gave significantly, either directly or through foundations. GDA realized that by reaching this population it could build robust links between public and private foreign aid and add new points of leverage for USAID programs.

To reach the newly identified population, GDA staff member Dan Runde (now GDA director) identified the Synergos Institute as a potential new partner that not only had institutional expertise in poverty reduction efforts, but also was a point of entry to many private philanthropists. A series of consultations led Andrew Sillen and Synergos president Bruce Schearer to invite Runde to participate in one of the activities surrounding the 2003 University for a Night event hosted by the Global Philanthropists Circle.

University for a Night is an annual keynote event designed to bring together the members of the Global Philanthropists Circle and a broader array of stakeholders from foundations, bilateral and multilateral donors, and other international organizations. It is designed to facilitate informal connections and support of the sort that have made the Global Philanthropists Circle so effective in advancing private philanthropy.

That evening, Runde was seated with Maria Eugenia Garcés and Oscar Rojas, executive director of the AlvarAlice Foundation. He listened as they detailed the foundation’s plans to focus on restorative justice. For Runde, the connection between the GDA mission and the combination of grassroots effort and private philanthropic activism by a prominent Colombian business family was immediate. He invited Garcés to submit a proposal for collaboration through the 2004 GDA solicitation.

With assistance from Synergos, Garcés proposed to GDA a major restorative justice initiative in Cali and its surrounding regions. After classifying the proposal as technically sound and the partners competent to carry out the work, GDA put in \$300,000 from its incentive fund and enlisted support from US-AID’s Colombia mission, which provided \$1.4 million in cash resources.

THE INTERNATIONAL SYMPOSIUM ON RESTORATIVE JUSTICE AND PEACE

After months of event preparations and outreach to sponsors, the International Symposium on Restorative Justice and Peace was held in Cali, Colombia, in February 2005. With more than 1,000 participants, the conference brought to Colombia veterans of conflict from Guatemala, Northern Ireland, Peru, the Philippines, Sierra Leone, South Africa, Spain, and Timor Leste. The keynote speaker, Archbishop Desmond Tutu, had led South Africa’s Truth and Reconciliation Commission and won the Nobel Peace Prize for his role in the struggle against apartheid. “If peace was possible in South Africa,” Tutu told his listeners, “it

can happen in Colombia. It can happen everywhere.”

The culminating event of the conference was a nationally televised roundtable between Colombian president Álvaro Uribe and a panel of six symposium participants. In a dramatic, unscripted moment, panelist Archbishop Tutu brought audience members—and the Colombian president—to their feet with an offer to approach South African president Thabo Mbeki about inviting representatives of Colombia’s rebel forces to South Africa to learn about that country’s path to peace and reconciliation. Discussions are being held in both countries to follow up on Tutu’s offer.¹

As a result of the symposium, the restorative justice component of Colombia’s Peace and Justice Law—enacted in 2005—gained broader national recognition and support, thanks to extensive media coverage.

THE ALLIANCE’S URBAN COMPONENT: RESTORATIVE JUSTICE CENTERS AND CONSEJERAS DE FAMILIA

Restorative justice has the potential to help Colombia recover from decades of civil war and insurrection. It is also important as a means of addressing juvenile crime, including gang violence.

Cali’s Aguablanca district is a largely informal assembly of people displaced by Colombia’s conflicts. It is notorious for its troubles. Leftist insurgent groups trawl the neighborhoods for new recruits, while right-wing paramilitary troops make periodic sweeps, killing youths suspected of guerrilla involvement. Gang violence, petty and violent juvenile crime, and spousal and familial abuse are all common.

With help from the alliance, including \$600,000 in funding from the AlvarAlice Foundation, the Fundación Paz y Bien (Peace and Well-Being Foundation) is helping Cali’s marginalized urban households through five restorative justice centers that teach juvenile offenders and at-risk youth to take responsi-

bility for their actions as a basis for reconciliation. Paz y Bien, which operates a range of programs in urban community development, was started by Sister Alba Stella, a Catholic nun who studied restorative justice as practiced in Northern Ireland.

A notable feature of Sister Stella’s work is a women’s network of *consejeras*, or advisors. A dozen or so women lead and mentor a network of about 125 *consejeras* who act as neighborhood mediators and peace-builders who can safely cross the jurisdictions of Aguablanca’s many gangs. Though Sister Stella’s work is faith-based, the women’s network does not proselytize—in part to protect its neutral status in the community. Rather, the *consejeras* apply generic but universal principles such as restorative justice to mitigate harm when it is done and help prevent the use of violence as the first recourse.²

In applying restorative justice and other community mediation services, the women’s network has evolved into an informal neighborhood governance structure in a country where municipalities govern weakly, if at all, and are partly to blame for the persistence of violence at the local level.³

THE RURAL AND CURRICULAR COMPONENTS: CORPORACIÓN VALLENPAZ AND JAVERIANA UNIVERSITY

In the countryside, meanwhile, farmers are caught in a crossfire as illegal armed groups battle with each other and government forces. The two sides often vie with one another for influence in rural communities, and this usually results in violence. Young people growing up in such communities often see membership in one of the rival groups as a ticket to a better life.

The alliance’s main partner in mitigating harm in rural communities is Corporación VallenPaz, a membership organization of some 600 businesses, farmers organizations, churches, universities, and other partners committed to peace through the social and economic development of rural communities. As in the urban component of AlvarAlice’s work, centers have been established to teach program beneficiaries about



restorative justice, thereby mitigating conflict and promoting community coexistence. Corporación VallenPaz also provides income and employment opportunities, for youth especially, to counter the recruitment appeals of illegal armed groups. Through Corporación VallenPaz, agronomists and agricultural extension specialists are teaching local farmers to grow and market organic lettuce, tomatoes, maize, cassava, and coffee beans as substitutes for coca cultivation.

The sugar industry is especially committed to this component of the alliance's work, as it has an interest in improving the livelihoods of its workforce. The industry association and other stakeholders have invested about \$1 million in the rural livelihoods and justice components of Corporación VallenPaz's work.

Javeriana University is a Jesuit institution working with Fundación Corona to introduce restorative justice concepts into the political science and law curricula and to develop an online course on restorative justice and conflict resolution for 3,000 undergraduate and graduate students.

HIGH STAKES FOR A BOLD NEW MODEL

As Colombia struggles to reintegrate thousands of former guerrilla and paramilitary fighters into a civic culture damaged by decades of conflict, the Alliance for Restorative Justice, Coexistence, and Peace, offers reason for hope in its melding of community-based reconciliation and new income opportunities. The alliance is attracting attention not only for its ambitious scope, but also for its composition. The world is watching to see if USAID's experiment with a local family foundation and a network of local NGOs will prove successful. If it does, and the signs are good, the model offers immense promise.

1. Synergos Global Philanthropists Circle,, www.synergos.org/05/colombiajustice.htm.
2. Declan Roche, "Governing Ungoverned Spaces: The Role of One Women's Group in Cali, Colombia," unpublished paper, London School of Economics. Available at <http://www.justicia-restaurativa-colombia.org>.
3. Some might say the consejeras are reviving past practices. Until the Spanish conquest, a few of Colombia's indigenous groups practiced both matrilineal descent and restorative justice.

THE INTERNATIONAL SMALL GROUP AND TREE PLANTING PROGRAM

“AS THE TREES GROW, THE MONEY FLOWS”

“One thousand trees at the hospital in one month. We meet every Tuesday and Thursday afternoon after the heat of the day and dig holes, then plant the trees to improve the area around the hospital [and] have more shade for patients and visitors.”

FROM THE
ACTION PLAN OF
A SMALL GROUP
IN KENYA

A community-based program that grew out of a faith-based mission to Africa restores communities and biodiversity by planting trees. In the process, it mitigates environmental degradation, famine, drought, disease, and poverty.

PURPOSE

To empower subsistence farmers to develop community-based reforestation and sustainable agricultural techniques.

CONTEXT

Millions of acres of tropical forest in Africa and Asia have been destroyed by decades of logging and slash-and-burn farming. This unsustainable human activity has exposed the ground to harsh, drying winds and brief, heavy rains that erode the thin topsoil. Poor farmers then work the degraded land until the ecosystem or crops fail, exposing rural communities to drought, famine, and disease.

ALLIANCE MEMBERS

U.S. Agency for International Development
Clean Air Action Corporation
Dow Chemical Company Foundation
The World Bank
Institute for Environmental Innovation
Berkeley Reforestation Trust

ACCOMPLISHMENTS AND OUTCOMES

More than 2,500 groups of 6 to 12 committed individuals are breaking the cycle of unsustainable subsistence farming in Tanzania, Kenya, Uganda, and India. In Kenya alone, 800 small groups have planted 170,000 trees and one million seedlings. Of several million trees planted under the program, more than 1.5 million are under successful cultivation.

FUNDING ARRANGEMENT

U.S. Agency for International Development:
\$1.5 million

Clean Air Action Corporation: \$3.9 million

Dow Chemical Company Foundation: \$1.2 million



John Gichuki, of Jacaranda Group, Kenya, was a very active farmer interested in tree planting. Although he had never taken part in group action before, he decided in 2004 to join six fellow villagers to start a small group under the International Small Group and Tree Planting Program (TIST). Gichuki's group planted 5,000 trees in the first nine months of 2005, receiving roughly \$76 for its work. The group decided to reinvest 20 percent of their earnings in care for the trees they planted. The remainder went to purchase food for their families.

TIST creates incentives for rural communities in such areas to form small groups that restore barren landscapes. "As the trees grow, the money flows," goes the program's slogan. Money flows to the planting groups in the form of payments for each tree planted and also from sales of fruit, nuts, timber, firewood, and other forest products. Benefits grow as the trees mature, improving local farming conditions. Simultaneously, better agricultural techniques taught by program personnel increase the supply of food to the small groups and their communities. Wherever TIST small groups exist, local auditors, or "quantifiers," verify the number of trees planted (and still living) and upload the data to the program's website, www.tist.org.

Planting millions of trees recovers environments and changes lives. Trees provide shade and windbreaks for people, animals, and crops. They prevent erosion, preserving agricultural land. Some types of trees improve soil quality. Others provide fruits, nuts, animal food, timber, medicines, bee habitats, and even insecticides. Trees mark borders around homes, farms, roads, and paths. Groves can become a village woodlot. Native grasses grow again under the shelter of trees, providing food for farm animals.

As the trees grow, so does the hope of poor villagers in poverty-stricken and marginalized areas that lack good roads, bus service, phone coverage, internet access, and banks. Since 1999 TIST has grown from 40 small groups in Tanzania, to more than 2,500 small groups in

four countries. Small group members have planted more than 10 million trees, and more than 1.5 million trees are alive today. Active TIST participants have recruited and trained others, have more than doubled crop yields, and have reduced their health risks substantially.

FROM FAITH TO ACTION

In 1998, Ben Henneke, president of Clean Air Action Corporation (CAAC), and his wife Vannesa, answered a call to service from the minister of their congregation in Virginia. They soon found themselves "surprised missionaries" on a trip to help the Anglican diocese of Mpwapwa in central Tanzania. The diocese, about the size of Rhode Island, consists of 500 congregations shepherded by 62 priests.

"We thought other people did things like that," commented Vannesa Henneke. "And we would support them and say prayers for them. But all of a sudden we were in central Tanzania." They were there to lead a seminar in "small group servant leadership." Bishop Simon Chiwanga had decided to organize the members of his diocese into self-supporting, cooperative small groups to reduce the load on his thinly stretched clergy. The groups also would become vehicles for collective problem solving.

It was the Hennekes' first exposure to Africa, and they remember being shocked at the desolate landscapes and at the lack of opportunity for the intelligent, hard-working villagers. Their group returned a year later and conducted a follow-up seminar, a "visioning process," to determine exactly what problems villagers faced and what they might imagine as a hopeful future. During that seminar participants developed the goals of sustainable agriculture and tree planting, an idea that soon flourished into the TIST program under the continued supervision of the diocese.

The problems identified in the visioning process were clear. Declining soil fertility; lack of shade and firewood; and recurrent famine,

disease, drought, food insecurity—all were among the villagers' top concerns. And they all seemed to result from decades of unsustainable use and destruction of local resources. But hope for the future came out clearly, too. Local participants in the Hennekes' seminar voiced their commitment to change and agreed on the need for reforestation, sustainable agricultural practices, and micro lending to build livelihoods.

The participants had vision; that was clear. They also had begun to form groups to implement their vision. What they lacked was access to funds to create the system they knew they needed. That was where the Hennekes and CAAC came in.

EXPANSION

When the Hennekes returned a third time to implement the plans that had emerged from the visioning process, Ben Henneke brought along his own business, CAAC, which invested \$500,000 for planting 500,000 trees. CAAC also provided mentoring and guidance for the small groups; assistance in management techniques and democratic procedures; and the technological infrastructure needed to monitor the progress of the planting program. CAAC also would work with the small groups to share best practices for replication and expansion.

As the Hennekes developed the TIST concept, they reached out to other partners. Jerry Martin, a vice president of Dow Chemical Company, had been among the facilitators of the visioning process during the second seminar. Inspired by that experience, he led an effort within Dow to support TIST. In 2001, the Dow Chemical Company Foundation awarded TIST \$1.2 million to create a non-profit implementing organization, the Institute for Environmental Innovation, and to plant an additional 1.5 million trees involving some 7,000 farmers working in more than 650 small groups. Dow wanted to ensure that the TIST program would embody the same approach to sustainability that Dow was developing for its own operations. The heart of

Dow's policy is that to succeed in the twenty-first century, a company must simultaneously excel in all three elements of sustainable development: economic viability, social responsibility, and environmental integrity.

Dow AgroSciences (DAS) has also become involved with TIST. DAS provides technical assistance for TIST program participants to further develop agricultural practices, crop protection, and agricultural marketing skills. In so doing, DAS aims to gain insights into the needs of undeveloped markets and the kind of new products that will be needed in the future in areas like Mpwapwa.

In 2000, the TIST Board voted to create a for-profit organization—TIST, Ltd.—with an arms-length business relationship with the Anglican Church. TIST, Ltd. is designed to manage the business operations of the Mpwapwa TIST program. In 2002, TIST expanded to the state of Tamil Nadu in southern India. In 2003, it was replicated in Uganda by farmers who had participated in a TIST seminar in Tanzania and saw that TIST could make a difference to their own lives.

In 2003, the U.S. Agency for International Development (USAID), recognizing TIST as an innovative mixture of private sector involvement and faith-based outreach, invested \$500,000 to enable TIST to reach out to another 1,500 small groups in Tanzania. The plan was to plant 1.8 million new trees, benefiting some 75,000 people.

In 2005, USAID's mission in Kenya committed \$1 million for TIST to expand to the Meru and Nanyuki regions of that country. In addition to the demonstrated benefits, USAID thought TIST's small group structure might serve as an effective vehicle for educating rural people about HIV/AIDS and malaria, topics that the small groups in Kenya had identified as important.

	Tanzania	Kenya	Uganda	India
Trees planted	408,073	170,369	324,589	447,856
Seedlings	67,416	1,062,160	31,975	561,377
Top species	Luciner, Mijohoro, Mjlonge	Eucalyptus, Gravellia	Eucalyptus, Enshaarri, Misaipras	Casuarina, Eucalyptus, Indian Tree
Active small groups	348	1,032	735	275

Source: www.tist.org.

HOW TIST WORKS

At the heart of TIST are small groups of 6–12 subsistence farmers. Participation in the groups is voluntary, but a minimum commitment of five years is encouraged. The group structure is based on equal participation; leadership rotates among members. TIST empowers these voluntary associations to meet group-defined goals by planting trees, improving agricultural practices and fuel efficiency, spreading health-related information, and sharing best practices with other groups.

Using principles of conservation farming developed in Zambia under the aegis of the U.N. Food and Agricultural Organization, TIST trains small groups to prepare nurseries and raise seedlings. Trees are planted in small local plots around group members' homes, farms, and communities—wherever they can be useful—rather than in large monocultural tracts. Plantings increase shade, reduce erosion, restore important natural resources, and control flooding, all of which help fight famine and poverty. As the TIST alliance expands through these areas, farmers and other participants build skills in agricultural management, conservation farming, community building, and computer technology (related to data gathering and information sharing), that will serve them in the future.

Groups design their own approach to planting, making decisions on which trees to plant and where to place them. The small groups are encouraged to plant indigenous trees. The

Neem tree, a species native to India and Myanmar, has proven extremely beneficial. It thrives in semi-arid climates and demonstrates positive effects on pest management, environmental protection, and even health and medicine.

The small groups own the trees and receive all benefits of their presence, including a sustainable fuel supply, fruits, nuts, fodder, shade, and local environmental benefits. TIST provides quarterly payments to small groups according to the number of trees planted and maintained according to specified practices. In Tanzania, a typical group with 1,500 trees could earn the equivalent of a month's wages from their trees over the course of a year. The trees are both a cash crop and a visible representation of the choice that each small group has made—to do what they can to improve their community.

TIST uses a low-cost, high-tech approach to monitor and collect data about plantings. Local quantifiers collect field data using palm computers and a global positioning system. From internet cafés, they upload their data—on the location, size, and species of trees being planted—to TIST's database. The TIST website offers real-time data on tree populations and the GPS coordinates of the groves planted and tended by the program's many small groups.

TIST also provides training and supplies for tree planting and conservation farming, fuel-efficient and healthier stoves, and education

on malaria and HIV/AIDS prevention. A two-way communications network includes newsletters and monthly reports, plus weekly local meetings, monthly district-level meetings, and biannual national seminars. The communications network allows for training, the addition of new TIST components, and expansion to new small groups in other areas, regions and countries.

EMPOWERMENT OF 20,000 SUBSISTENCE FARMERS, ONE GROUP AT A TIME

For TIST, reforestation is the means to the larger goal of building communities and spreading hope through self-help and empowerment. “We ask people what they care about,” says Ben Henneke, reviewing the method of community mobilization and empowerment he and his wife developed for their seminars in 1998. “Then we ask them to talk to each other about what works really well. And then we ask them to figure out how to use the things that work well to achieve the things they care about.”

From its humble beginnings in Tanzania, TIST has now been replicated (with adaptations) in Kenya, Uganda, and India. It has mobilized more than 20,000 men and women in 2,500 small groups to develop and share best practices in reforestation, agriculture, and health. The growing popularity and awareness of the reforestation program has encouraged more villages to become involved.

As TIST develops, it becomes clear that it straddles multiple worlds. The farmers are most concerned about whether, how much, and how quickly they are paid for the trees they plant. Donors want to be assured that

the small groups are receiving the proper training, putting it into practice, and achieving broader environmental goals. Connecting these worlds has been a challenge, and many lessons have been learned along the way:

- TIST is most effective in the poorest areas: among people with the least resources and infrastructure, and the fewest alternatives.
- Daily operations in such locations can be grueling, with a phenomenal toll on people, organizations, and machines.
- TIST is easy to join; adding another group or location does not require much initial work in the villages. But as the popularity of the small groups grows and new groups spread over larger areas, the logistics required for continued service to and monitoring of the groups become daunting.
- Keeping costs low is a constant challenge for participants and sponsors alike.
- Good equipment and training can allow the collection and transfer of data with reasonable and declining cost. But it takes individual integrity and lots of hard physical and intellectual labor by the people collecting the information to provide accurate and useful information.
- Grassroots organizations and large organizations like USAID and the World Bank require “interpreters.” TIST participants may be in complete alignment with a donor’s goals—but a major effort often is necessary to aggregate and organize information from so many local sources into a form useful to donors.

GLOBALGIVING

DEVELOPMENT AT THE SPEED OF LIGHT

PURPOSE

To build the leading online marketplace for international philanthropy, channeling contributions from individuals, community-based organizations, corporations, and foundations to projects in the developing world.

CONTEXT

Integrated markets, communications technology, network-oriented thinking, and decentralized decision-making are changing the theory and practice of development, creating new coalitions of stakeholders focused on specific development problems and issues. GlobalGiving is a fresh approach to delivering foreign aid and is competing to become a household name in international philanthropy.

ALLIANCE MEMBERS AND ROLES

GlobalGiving

U.S. Agency for International Development

Partners through employee and customer giving campaigns include:

Hewlett-Packard

The North Face

Development Alternatives, Inc.

Gap, Inc.

Applied Materials

ACCOMPLISHMENTS AND OUTCOMES

Development organizations have posted more than 1,300 high-impact projects in 60 countries on the GlobalGiving website. To date, 3,800 individual and institutional donors have contributed \$2.4 million to 470 projects.

FUNDING ARRANGEMENT

U.S. Agency for International Development: \$1.5 million

Other resource partners include Omidyar Network and the Hewlett, Kellogg, Mott, Sall, and Skoll foundations, which together have contributed more than \$4 million.

eBay, Google, PayPal, Yahoo!, and Visa International provide in-kind technical assistance and expertise.

Two former World Bank executives engage USAID to advance a next-generation platform to facilitate giving for international development causes and projects.



Unable to make ends meet, many families in rural western Nepal send their daughters to work in faraway cities as bonded servants in private homes or as dishwashers in teahouses. The conditions under which these “indentured daughters” live and work are entirely at the discretion of their employers. Abuse is rampant.

But help is coming from GlobalGiving.com. For every \$100 donation made through the web-based philanthropic portal, the Nepalese Youth Opportunity Foundation is able to pay for a girl’s primary education and offer families compensation for the wages they would have received if their daughter had gone to work. Sumitra Chaudhari, one of an estimated 40,000 Nepalese girls sold into bonded servitude, is now in school, with help from the foundation. She wrote of her experience in a poem to her family: “Father, and my mother, I join my 10 fingers. Don’t send us to work for the landlords.”

A continent away in rural Kenya, a network of independent health clinics offers prevention and treatment services for malaria, respiratory infections, worms, amoebas, and diarrhea. Donations to the clinics make possible training for health workers and deliveries of medicines and other supplies. A clinic averages 5,000 patients a year, and economies of scale are allowing them to offer services to more people at lower cost. “The [clinics] will go a long way to narrow the gaps currently existing in delivery of health services,” reports Dr. E. Maree of the ministry of health for the Kirinyaga District.

These small but effective projects, although very different in scope, share space in an online catalog of development projects at www.globalgiving.com. The site enables anyone to support a development project—a concerned individual, a Brownie Scout troop, or an employee of a Fortune 500 corporation whose contribution is matched by her employer. It began with the idea that web technology had opened new ways to tap new sources of philanthropy for development projects.

A NEW DEVELOPMENT MARKETPLACE

As leaders of the Corporate Strategy and Innovation groups at the World Bank from 1998 to 2001, Dennis Whittle and Mari Kuraishi were responsible for Development Marketplace, an open competition designed to unearth new ways of stimulating and channeling small donations to development causes. The initiative brought together individuals, nongovernmental organizations (NGOs), and other groups proposing innovative “bottom up” solutions to pressing social and economic concerns—solutions that delivered results and could be expanded or replicated. Development Marketplace was the World Bank’s first explicit attempt to apply a venture capital approach to international development. Since the first event in 1998, marketplace events have been staged at both the global level (with 171 winning proposals receiving \$23 million in funding), and in several countries (with 650 winners in 42 countries receiving \$11 million).

The innovations that surfaced in the competitions had a powerful common thread. Whether it was Bosnian war widows placing their hand-knit apparel in Parisian boutiques or a new approach to developing an AIDS vaccine, each innovation seemed to suggest that an incredible wealth of available resources for development lay untapped. And though the Development Marketplace events succeeded in generating millions of dollars for partners and projects, the sums were a drop in the bucket of World Bank assistance. Competitive marketplaces did not blend well with the sprawling operations of the World Bank.

But buoyed by the potential of the marketplace approach, Whittle and Kuraishi elected to spin off the concept. They resigned from their positions at the World Bank in 2000 with optimistic but unproven ideas that online giving could help transform the development industry and capture the imagination (and dollars) of a new generation of unofficial donors. Like the bright-eyed business school grads that try their fortunes in start-up ventures each year, they reached out not only to potential investors, but also to friends and family.

“The start-up phase was quite a challenge,” Whittle remembers. “But once we launched programs with the initial users, the whole thing started to gather momentum. And now, we have an extraordinary, growing network of partners from all sectors.”

Initial successes included partnerships in the technology, nonprofit, and foundation sectors; an endorsement from the United Nations Information and Communications Technology taskforce; and support from corporate partners (such as Hewlett-Packard) and international NGOs (such as Ashoka and IDEX). With the help of its new partners, GlobalGiving was able, in late 2002, to launch its web-based portal—the new development marketplace.

In 2003, GlobalGiving approached the Global Development Alliance (GDA) in hopes of connecting with like minds and leveraging additional resources. The concept was well suited to GDA’s focus on new approaches to development and on leveraging new and additional resources in the service of international development.

“GlobalGiving brought two valuable services to the table,” said GDA director Dan Runde. “First, it promoted and supported personal giving by the American people—through individual donations and the collective, voluntary action of community-based groups and employers. Second, each donation indirectly helped build the capacity of the local NGOs that implemented the projects. Both of these actions advanced important USAID objectives.”

GDA granted GlobalGiving \$500,000 in 2003 and an additional \$1 million in 2004, both for general operating support.

THE COMPONENTS OF GLOBALGIVING

GlobalGiving encompasses two separate organizations. A for-profit firm, Many Futures, reaches out to potential funders and provides technical support, while the GlobalGiving Foundation works directly with in-country

GLOBALGIVING...

“...represents the application of eBay to international aid... Like eBay it is meant to let the “market”—in this case for development aid—clear at a minimum cost without any bureaucratic interference.”

— James Fallows, *Atlantic Monthly*

“...is a kind of turbo-charged global want-ads section where project leaders can advertise their needs and funders can find them.”

— Bruce Jacobs, *Philanthropy Magazine*

“... may be the first of many market endeavors that compete with aid agencies...” — William Easterly, *Foreign Policy*

“...will focus on the underserved segments of the market and expand funding for entrepreneurs and communities in emerging markets. [It] will help increase transparency, encourage innovation, and reduce transaction costs in the development industry.”

— International Finance Corporation, World Bank Group

“...the foreign aid equivalent of the speed of light.”

— *The Washington Post*

NGO partners to vet projects and to handle and disburse donations.

GlobalGiving.com is a public website that offers a simple, measurable way for individuals, community-based groups, and institutions to invest in projects that improve the quality of life of local communities. Through its project-donor matching service, GlobalGiving brings the buyers and sellers of the international development world together, with minimal transaction costs, to build an efficient market for philanthropic contributions directly to development activities.

The new development marketplace is a 24/7 one-stop shop for advancing causes: poverty reduction, good governance, maternal and child health, education, livelihood skills development and other missions pursued by social entrepreneurs in developing countries.

CLICK HERE

A programmatic focus of GlobalGiving’s outreach has been to partner with corporations in employee-, member-, or customer-giving campaigns focused on one or several projects, some of which are featured on the public website. Hewlett-Packard, The North Face, Ap-



plied Materials, Yahoo!, Gap, Inc., Participant Productions, and Sister Cities International are some of the organizations now working with GlobalGiving.

For employee-giving initiatives GlobalGiving offers to develop a customized website for its partner. The partner may then select projects that are strategically relevant to its business, thereby making the connection between employees and international issues of special concern. Gap, Inc., and Hewlett-Packard, both among the first to participate in employee-giving campaigns, have provided corporate matching funds. The North Face also matched gifts from its employees and customers to tsunami relief. Such direct-giving opportunities often engage a younger segment of employees who might not otherwise donate.

USAID's relationship with GlobalGiving allows the agency to bring the advantages of the GlobalGiving platform to individual country missions. Powered by and cobranded with GlobalGiving, country mission websites market the mission's investments as candidates for further support, connect donors to the local partners with which the missions work, and connect diaspora populations in the United States and elsewhere with development projects in the emigrants' home towns or provinces.

DUE DILIGENCE

GlobalGiving sources projects through a network of project sponsors that vet projects to ensure they are legitimate, well-run, and satisfy IRS guidelines for international grant-making—including new voluntary guidelines set forth in the USA Patriot Act to prevent access by terrorists to sources of financing.

Project sponsors use a variety of mechanisms to accomplish this task, including visiting project leaders, conducting financial audits, meeting with stakeholders, and collecting references from local, national, and international experts. GlobalGiving evaluates all project sponsors' methodologies and procedures, and reviews the due diligence done. After projects are submitted, GlobalGiving conducts secondary due diligence and random audits to ensure that the organization meets GlobalGiving's standards for trustworthiness, quality, and impact.

The end result contributes to an important aim for USAID: building local capacity. GlobalGiving, through its affiliated project sponsors, demonstrates the power of proper grants management and governance. The simple act of a citizen in the United States investing \$200 in a developing country project provides a market signal to NGOs that certain standards

of transparency and good governance must be met if they are to compete for that funding.

GlobalGiving hopes that reporting on the status of projects will improve donors' understanding of the efficiency and impact of the projects they support. As projects promoted through GlobalGiving become fully funded and achieve their objectives, both donors and project leaders should get a better understanding of what works and what does not, in a variety of contexts.

CHALLENGE AND SUCCESS FACTORS

GlobalGiving has surmounted some challenges in its quest to become the preferred means to donate online. Among the lessons learned so far:

Titles matter. GlobalGiving was originally named DevelopmentSpace, but it was quickly evident that this name reflected past associations with official donor bodies that elicited little recognition outside that community. Upon assessment, Whittle and Kuraishi realized that they needed a name that kept an outsider's perspective, was short and easy to remember, and clearly communicated the appropriate message. The new name correctly and effectively explains what the organization is promoting.

Building brand trust and visibility is difficult. A "flight to recognized brands" is not unusual during humanitarian crises. GlobalGiving's response to the tsunami that struck South Asia on December 26, 2004, was to cede the usual 10 percent overhead capture on the first \$100,000 of donations raised for relief and reconstruction, work with partners to increase its visibility on partner websites and other media, and establish new partners on the ground in affected countries to enable general relief as well as specific project support. However, the public response to tragic events that capture widespread attention moves toward established, well-known organizations like the American Red Cross, neutralizing efforts to increase visibility during such times, no matter how well planned.

There is no formula for reaching new market segments. GlobalGiving believes that there is an untapped market segment of younger donors who are keenly aware of issues of global concern, as well as local issues in remote places. There is no standard method to successfully engage a nontraditional market segment that may not otherwise contribute, though employee-giving campaigns have shown some promise. Similarly, diaspora populations represent a large, untapped market. While most remittances are used for necessary household items, some are spent on durables such as home construction. A much smaller portion is enlisted to support local infrastructure projects in tandem with public funds. GlobalGiving is ideally positioned to make the connection between emigrants and development projects in their country of origin—or in the home province or municipality of community-based groups bound by this commonality.

Country projects do not market themselves. At its most basic, GlobalGiving is nothing more than a neutral space where buyers and sellers of development projects can meet. If GlobalGiving is to become a development cyber-fair with the same name recognition as eBay, the "sellers" of development projects must assume the functions of marketing and outreach to differentiate their scope, effectiveness, and impact. GlobalGiving offers opportunities to do this through reporting on status and other forms of communication between donor, implementer, and beneficiary, but many local partners have yet to learn that differentiating their product is a factor that helps determine why some projects get fully funded, while others languish.

Innovation is key. GlobalGiving's experience has shown that rapid-cycle experimentation—the ability to quickly test and implement new features and enhancements—has been key to continuing its growth, and remains a critical factor in achieving long-term success. The GlobalGiving cycle of innovation quickly recognizes and addresses the challenges that confront a new enterprise, and reduces the lag from idea to operation.